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The Shape of Things

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CHAMBERLAIN'S HAND CAN BE SEEN ALL too glaringly in the new French Cabinet headed by Edouard Daladier. The Foreign Minister, Georges Bonnet, is known to be an opponent of collective action and an advocate of the Chamberlain policy of concessions to the dictators. One of the first acts of the Cabinet, according to reliable reports, will be the appointment of a special envoy to seek a settlement with Mussolini. Daladier himself is believed to favor an agreement with Hitler in preference to a policy of resisting aggression. The hope of direct aid to Loyalist Spain is extremely faint. In domestic affairs the new government promises to be no better. Socialists and Communists have been excluded from the Cabinet and are unlikely to have any influence on policy. The presence of three ex-Finance Ministers—Marchandeau, Bonnet, and Reynaud, all of them conservative in economic outlook—indicates that the proposed solution of France's financial problems will be at the expense of the working class. Such a program will, of course, involve prompt suppression of the sit-in strikes which have developed in the metal industries in Paris. Whether such measures can be forced through a Chamber in which the Socialists and Communists control very nearly half the total number of votes remains to be seen. Certainly, no recent government in France has had such insecure backing, and none has so deserved a short life.

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CHINA'S RECAPTURE OF TAIERCHWANG AND the subsequent advance on Yihsien were minor triumphs compared with many of Japan's victories earlier in the war, but they stand as proof that the Japanese can be defeated. Even more significant is the fact that Japan has been held at a standstill in China for more than a month at a season of the year when weather conditions were especially favorable for military operations. Spring rains and floods are likely to prove a formidable obstacle during the coming weeks. Although detailed reports are lacking, the causes of Japan's collapse are not difficult to find. Tens of thousands of Chinese troops operating as guerrilla bands are at work behind the Japanese lines. The most effective but by no means the most numerous of these are united with the former Chinese Red Army. Regular soldiers are aided by armed and organized peasants and even by bandits, who constitute a not inconsiderable force in this section. The

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Japanese have found the railways virtually useless as a result of Chinese sorties. Wrecked bridges, tank traps, and ambuscades have made overland transportation equally difficult, and Japan seems to be increasingly handicapped by lack of supplies. These recent Chinese victories do not mean an early end of the war. But at least there are substantial grounds to hope that a continuance of guerrilla tactics and a strengthening of the boycott may bring a break sooner than anyone had dared to hope.

*

WHILE A SUBSTANTIAL NUMBER OF THE 99.75 per cent of the Austrian voters who were recorded as favoring *Anschluss* were doubtless motivated more by fear than by enthusiasm for Hitler, there can be little doubt that an overwhelming majority would have voted favorably even had they felt that their choice would be inviolably secret. Voters were given little chance to consider the possibility of a negative vote. Every conceivable device of publicity was utilized to break down the individual's critical judgment. The radio was monopolized by political speeches thundering the demand for a *Ja* vote. Billboards and electric signs blazed forth the same appeal. All the newspapers ran sample ballots appropriately marked. Parades and great public meetings aroused emotions to fever pitch. Gilded promises were made to every group in the electorate. Large sums of money were appropriated for immediate relief of the destitute. New housing projects to replace those destroyed by Dollfuss were promised to the workers. Former Socialists were granted an amnesty and restored, temporarily at least, to full citizenship. The vote was an unanswerable demonstration of the power of propaganda over mind.

*

THE INLAND STEEL AND REPUBLIC STEEL decisions of the National Labor Relations Board are landmarks in our growing body of administrative law. In the Inland Steel case the board held unanimously that an employer's refusal to embody in writing an agreement reached through collective bargaining was in effect a refusal to bargain collectively and a violation of the Wagner Act. In the Republic Steel case, the board had the courage to order Tom Girdler to reinstate 5,000 men who were locked out after their strike was smashed, and to disband his company union. The real meaning of the decisions emerges best in the context of recent industrial and political history. The now epic Little Steel strike of 1937 was fought essentially over the issue of the union's demand for the right to organize and have written agreements, and the blood spilled in the Memorial Day massacre in Chicago was the answer of the steel companies to this demand. Now the Labor Board, despite all the bluster of Girdler and Weir and despite the espionage and tear gas and cold steel of the steel companies, is meeting their resistance with due process of law. Even the conservative anti-Wagner Act press agrees that the Inland Steel decision represents a reasonable interpretation of the law. And the only thing that Girdler might have relied on to escape from the application of the Wagner Act was the sheer brazenness and enormity of his defiance of it. One result of the present decisions should be to intensify the drive to complete the unionization of Little Steel and bring that empire back once more within the boundaries of American law.

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THE REPORT ON THE RAILROADS BY A three-man committee of experts proves a dud. The railroads have too much debt and too little business. The experts, Chairman Splawn and Commissioners Eastman and Mahaffie of the ICC, propose that we increase the debt and give the railroads more equipment with which to handle a declining volume of traffic. One can hardly term this a satisfactory solution. The President, in passing it on to Congress, did so with resignation rather than hope. The experts suggest establishing a $300,000,000 fund from which the roads can borrow to buy equipment; of 1,500,000 existing freight cars the railroads are now using less than 900,000. They ask that for twelve months the RFC be permitted to make loans without certification by the ICC. At present the RFC can make loans for equipment or maintenance without ICC permission. For other purposes—the chief being the payment of interest—the RFC can lend only if the ICC certifies that the road is not in need of reorganization. Of $400,000,000 due the RFC from the railroads, about $175,000,000 is due from railroads in reorganization or receivership. This recommendation would make it possible to throw more federal funds down a bottomless pit, to pile more debt on overburdened railroads, and to stave off the major financial operations many of our roads require. Their basic problem, like the basic problem of industry as a whole, lies in the shrunken volume of business. Vigorous spending by the federal government seems the only solution—that, plus a severe reducing program in the bankruptcy courts for overweight roads.

*

HAROLD ICKES HAS BEEN CARRYING ON A one-man fight against Nazi aggression by means of an economic sanction that reminds us a little of the time the legislature of Montana recognized the independence of Ireland. After the Hindenburg disaster Congress passed a law permitting the sale of helium to Germany. The understanding was that the gas should not be put to military uses. In November the Secretary of State, the Munitions Control Board, and the Secretary of the Interior approved the sale to Germany of 19,800,000 cubic feet of helium, in which the United States has a virtual monopoly. Then Mr. Ickes, who has the last word in releasing the shipment, changed his mind. A Zeppelin requires only 6,000,000 cubic feet of helium; the Germans' assurance that they wanted the rest for experimentation sounded as hollow as a Hitler plebiscite. The fact that Germany is due to receive 40,000,000 cubic feet of helium within the next two years and the anxiety of the Nazis to get the gas delivered immediately

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were also suspicious. A Nazi ship has been anchored at Houston, Texas, waiting to load the gas; a German lobbyist in the Mayflower Hotel in Washington is very insistent; and Hermann Göring has been pressing for action. But Mr. Ickes refuses to release the shipment, thereby annoying both the Nazis and the State Department, which is said to be annoyed anyway by Mr. Ickes's personal foreign policy, especially his insistence on trouncing the fascists in public. So far, however, Mr. Ickes has stood firm, and unless the President intervenes we suspect that he will continue to stand firm—though Hull freezes over.

*

THE SENTENCING OF RICHARD WHITNEY to a penitentiary term of five to ten years was inevitable. The revealed details of his criminal larcenies, frauds, and misrepresentations were so naked as to preclude the leniency which our legal processes have often meted out to criminals when they were also financiers. About Whitney himself nothing further need be said. His career is over, and the Dewey report is a terrifying epitaph on it. Everyone interested in the ways of finance should read that report; in a cold, matter-of-fact way it shows the amazing adventures of a reckless will in the empire of Wall Street. But it is more than the story of one man. Whitney found that in order to get in on the big money he would have to go along devious paths and dirty alleys; yet his spirit was the spirit of bigger and more honest men than himself. Never in his testimony did he deviate from the belief that—regardless of larceny and fraud—his firm was solvent so long as his credit was good. It will be remembered that the elder Morgan, in his testimony a quarter-century ago before the Pujo committee, once defined the essence of business as the ability to get credit. The case of Richard Whitney is the logical conclusion to which high finance is carried by its essential separation from social ends and the processes of production. The Stock Exchange is now putting "liberals" in command; but even liberals cannot give social responsibility to a gambling casino.

*

THE BLUSTERING TONE WHICH BRITAIN HAS adopted toward Mexico's expropriation of foreign oil companies need not be taken too seriously. How much stock the British themselves place in their demand for restoration may be gleaned from the fact that they have already disbanded the Mexican Eagle Company, parent of all British oil holdings in Mexico. On the surface London's apparent intransigence may be explained as the unwillingness of an imperialist nation to allow so dangerous a precedent to be set with impunity and also as plain horse-trading sense. But there would seem to be a deeper motivation than these. In matters affecting Mexico, Britain has always allowed the United States to take the lead. At a time when it is bending every effort to effect Anglo-American solidarity it is strange that it should break this tradition; yet while Washington recognizes "the right of Mexico to expropriate the oil industry," London formally brands the seizure as a "denial of justice." It is by no means unlikely that the English are obligingly passing along the spanking which Secretary Hull thinks Mexico needs but which he fears to administer himself. As Hubert Herring points out elsewhere in this issue, Washington has too much at stake in Latin America to risk a serious breach of Good Neighborliness at this time. But Mexico is not as easily fooled as all that. In Mexican labor circles there is indignation that formal recognition of Mexico's sovereign rights has been accompanied by obvious reprisals, and the *Mexican Labor News* offers this ominous comment: "President Cárdenas has engaged the country's honor not to sell oil to the fascist and aggressor countries, but that does not mean that Mexico must commit economic suicide if the democratic countries . . . give their support to the boycott of Mexican oil."

*

LIFE WAS CENSORED LAST WEEK IN MANY sections of the country because it reprinted a sequence of photographs from the excellent film "The Birth of a Baby," which has so far been released only in Minneapolis. (It is still barred in New York.) To the medical profession and to innumerable respectable men and women concerned with the moral and physical health of parents and children, the film is an important and illuminating document, presented in perfect taste—and what could possibly be more respectable than the American Committee on Maternal Welfare which produced and owns it? But *Life's* photographs have aroused the birds-and-flowers school of sex education, and to Samuel J. Foley, family man and district attorney of the Bronx—where babies are born in great numbers and presumably in the usual way—they are in the same category as dirty postcards. "I think," said he, "it is an outrageous affront to decency," etc., etc. An examination of the photographs suggests the real reason why the Foleys are shocked. There is nothing remotely pornographic about them; but the impact of life itself is so powerfully conveyed in their simple exposure of the primary fact of existence that it must naturally be upsetting to the smug, the evil-minded, and the timid. The magazine won its first test case in New Haven, Connecticut. Other test cases are coming up. We feel sure *Life* will win out in the end, but a few well-placed protests in its favor will help.

Victory for Hysteria

NOW that the reorganization bill has been defeated in the House, certain congratulations are in order. First, to Frank Gannett, Edward Rumely, and the Committee to Uphold Constitutional Government, all of whom used their enormous funds effectively. Then to Father Coughlin, for having risen from the slime of fascist reaction to a comradeship with Dorothy Thompson and Senator Byrd, and for having stormed the Olympus of respectability by piling several hundred thousand telegrams one on top of another. Then

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to the American press, led by the Hearst, Block, and Scripps-Howard chains, which has found that its old power of drumming up hysteria is not lost, and which does not deem its integrity too high a price to pay for victory. Then to the hired men in Washington, who lobbied effectively with their Congressional friends, and, finally, to the tory coalition of Republicans and Democrats in Washington, the holding-company wizards, and the barons of the bags throughout the nation, who have learned that the way to smash the New Deal program is to smear the President with the charge of dictatorship.

But we have no congratulations either for the American people or for their Congress. We say this without any desire to overestimate the importance of the reorganization bill itself. It is far less important than the wage-hour bill, the TVA, the issue of government spending, or the work of the Labor Board. We supported it because we want America to escape the combination of ineffectual government power and economic collapse that has elsewhere led toward fascism. The defeat of the bill, when taken as part of a larger campaign, means that once more a democratic state that tries seriously to subject its financial oligarchy to government control is to have its power fragmentized at every crucial point.

That is, however, a long-run matter. The government will not collapse tomorrow because the House defeated the reorganization bill. The tragic thing is that even the progressive and labor forces of the country have not yet learned the lesson of the past eighteen months. They have not learned how deliberate and calculated have been the tactics of the forces fighting for reaction under the banners of freedom, how persistently the rebel Democrats and the few straggling liberals are pushed out in front while the janissaries of the utilities remain behind, how hollow and fantastic are the cries of "dictator" uttered by groups who have never shown their devotion to any freedom but that of exploitation, how easy it has become to confuse public opinion and stampede Congress by an unscrupulous use of press, wires, and radio. The progressives who held the balance of power between the President's supporters and the coalition against him finally voted to recommit the bill. They were responding probably to pressure from home, and they did not think the bill was worth the candle. But tomorrow it may be the TVA or the Labor Board, and the day after tomorrow the very existence of a free labor movement.

The victory of last week was not, as Congress has been unctuously told, a victory for Congressional independence. It was a victory for a fabricated hysteria. One may gather that Western Union has become a fourth branch of the American government. There are many who were impressed by the avalanche of telegrams that descended on Washington. The telegraph companies' figures are 333,000. But there were sixteen million Republicans who voted against Roosevelt in 1936. And that sixteen million, getting most of the national income, can afford to send telegrams. One interesting item sheds light on the sincerity of their cries of "dictator." The May bill, which has been reported favorably by the House Military Affairs Committee, would, under the guise of taking the profits out of war, impose a complete dictatorship over labor. Yet none of the professional telegram-senders have lifted a finger against this real and imminent dictatorship.

About Mr. Roosevelt's personal plight we are not greatly disturbed. The importance of the bitter and vindictive attack on him is that it seeks to smash the New Deal program by splitting the Democratic Party and tearing Congress loose from the executive. The latest fruits of this campaign are the reorganization bill's defeat and the passage by the Senate of a tax bill that would have graced the days when Andy Mellon ran the Treasury as an outpost of big business. We agree with Paul Y. Anderson's thesis in this issue that a split in the Democratic Party is inevitable. The important question is whether the progressive group will retain the body of the party or the rump. And Mr. Roosevelt would do well to use his undoubted talents of political astuteness and courage and persuasion to better ends than he has done thus far. Let him give the progressive forces something real to rally around.

The great political battles of the coming two years will have to be fought out on economic issues. The new spending program is a good start, but only a start. The Administration must throw itself with energy into fighting the depression, and use every resource at its command. The battle is by no means lost; even in the Southern states the best reports indicate that the New Deal Democrats will outstrip their opponents in the primaries. But progressives everywhere will face disheartening odds in the Congressional elections unless they can talk to the people about their livelihood and security. The country wants action and action now.

Spend or Starve?

PRESIDENT ROOSEVELT'S proposal that the government lend $1,500,000,000 to distressed businesses and local communities and reports that he will ask for an additional $2,000,000,000 for public works and relief are the first sign that he is prepared to fight the "recession" with the methods used so effectively in 1933. Unable to choose between contradictory counsels, he has been repeating the fatal errors made by Hoover in 1930 and 1931. He has neither accepted the advice of the deflationists, who would restore stability by a curtailment of costs and a balanced budget, nor yet that of the expansionists, who would achieve the same end at less human cost by government spending.

Meanwhile conditions have deteriorated much more rapidly than they did in 1929-30. Manufacturing activity was about the same in August, 1937, as it had been in the peak month of September, 1929, but it dropped 35 per cent in the six months ending March 1, 1938, as compared with only 15 per cent in the first six months of the earlier depression. Factory employment has declined nearly twice as rapidly in the first half-year of the Roosevelt "recession" as in the same period of the

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Hoover depression. And so on down the line. If we take wholesale prices, the indices of common stocks, bonds, national income, or freight-car loadings, we find in each case that the drop is sharper in the present crisis than in the Great Depression that began in 1929.

Only in its psychological effects was the impact of the 1929 Wall Street crash more severe. Until recently the "recession" has not monopolized popular attention to anything like the extent that the 1929 crisis did. This may be due to absorption in the international situation or to other factors, but in any case it seems to minimize the role of "psychology" as a business factor. In human terms there can be little doubt that the present crisis has been far more disastrous than the early days of the Hoover panic. Relief needs are approaching those of the darkest days of 1933, and in some areas, such as Cleveland and Detroit, may actually be greater. Thirteen million is a conservative estimate of the number of unemployed, at least four times as many as there were in the spring of 1930. Relief standards, on the other hand, owing to the new emphasis on local responsibility, are little, if any, better than in 1932—if we except the WPA.

There are those who say that the strategy which succeeded in 1933 cannot again be successful. They say that after a certain point a spending policy is bound to fail because uneasiness over continued borrowing offsets the effect of the newly created purchasing power. It is one thing, they say, to spend when the government debt is 19 billion and quite another when it has reached the impressive total of 37 billion. This argument is unqualifiedly false as applied to the present situation. Business activity invariably revives at the prospect of higher prices and increased buying power. Large-scale spending cannot fail to have this effect. It will help to correct the fundamental dislocation in our economic system by taking money from the well-to-do, who will not spend it, and giving it to those individuals, or businesses, most likely to utilize it immediately.

It is true that there is a limit to the extent to which the government can borrow without imposing an overwhelming strain on the national economy for interest and service charges on the federal debt. No reputable economist would maintain, however, that this limit has been reached. The national debt of the United States is still no greater than that of England, with one-third the population. For years *The Nation* has been urging that increased public spending be financed by progressive taxation rather than by borrowing. We still feel that this is the only sound policy for achieving permanent prosperity. But in a crisis such as this the country can not afford to await the formulation of a sound tax policy. The government must spend, and spend heavily, and as a temporary policy it matters little whether the money is borrowed or obtained through sound taxation.

From a thoroughly realistic point of view, the danger at the moment is not that the government will be bankrupted by excessive spending but that it will not spend enough to stem the relentless tide of deflation. It will be recalled that the Hoover Administration spent heavily during its last two years, but its expenditures were only a drop in the bucket as compared with the deflation of private industry. There is nothing mysterious about our economic system. It works at full efficiency only when capital construction equals or exceeds the rate of savings of the population. Business will engage in large-scale capital construction only in periods of expanding demand. In theory, it could achieve this expanding demand through an adjustment of its price structure, but all experience indicates that it will not do so until too late. Since business will not act to save itself, the government has no alternative but to undertake the capital construction which private enterprise spurns. The expression "spending our way to prosperity" has the same paradoxical ring that it had in 1933. But given the pressures which exist within the capitalist system against any other program—reduction in prices, large-scale government enterprise, or even bold private schemes—it remains the only known means of checking economic disintegration.

Spain Is Not Lost

TO MOST observers outside Spain the fate of the Loyalist cause seemed sealed by the success of Franco's great Aragon offensive. Huge losses were suffered by the government's crack troops which went in to stem the tide. For a time even the International Brigade seemed to have been destroyed as an effective fighting force. In capturing Lerida and Tremp Franco advanced to a point from which an attack on Barcelona itself could be launched.

But the rebels, despite their overwhelming preponderance in mechanized equipment, did not march into Tortosa as was reported in the world press last week. As we write these lines the road between Barcelona and Valencia is still open and in service. The rebels may break through any day, but they have not destroyed the morale or the fighting ability of the government armies. As good a testimony to this fact as any is the story of the International Brigade. Caught in the full fury of the rebel offensive at Belchite and again at Villalba, the brigade was cut to pieces and the survivors were trapped behind the enemy lines. Yet individually and in small groups they managed to find their way back to the Loyalist lines and are now once more participating in the defense. Morale has been further strengthened by the appearance of dozens of new planes, said to have been sent by the Soviet Union.

Additional grounds for hope may be found in the reorganization of the national government. In the new Cabinet Premier Negrín, who has emerged as by far the most capable administrator in Loyalist Spain, has taken direct charge of the army. Julio Alvarez del Vayo, a powerful figure in the Caballero government, has come back as Foreign Minister, and Ramón Peña, famed leader of the Asturian miners, has been taken into the Cabinet as a representative of the U. G. T. The government is the most widely representative of any in Spain's history; in addition to four Socialists and one Communist, it in-

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cludes three Left Republicans, one Union Republican, one member of the Catalan Esquerra Party, one Basque Nationalist, and a representative of the Anarcho-Syndicalist C. N. T.

The new government had scarcely assumed office when the Loyalist troops in the Talavera area launched one of their most successful drives in the entire civil war. Attacking on a twenty-five-mile front, the government forces advanced more than five miles and captured several important towns. Although intended chiefly as a diversion to impel Franco to withdraw troops from Catalonia, the maneuver has developed into a major offensive. If the Loyalists could break through in this area, they might be able to cut the lines of communication between northern and southern Spain. A more favorable point for a major offensive could scarcely have been found, since the region is one in which the peasantry is overwhelmingly pro-Loyalist. Division of rebel Spain might prove far more serious for Franco than a similar separation of government territory. Direct communication between Barcelona and Valencia could be maintained by sea, but if rebel territory were split, supplies and troops would have to be transported around the whole of Portugal.

Recent events, however, have made it clearer than ever that the outcome of the Spanish civil war will not be determined in Spain. The Loyalists can still win if they are permitted to buy war materials abroad; they cannot win as long as the other non-fascist powers refuse to furnish aid comparable to that which the rebels have been obtaining from Germany and Italy. The Chamberlain government in Britain cannot be counted on under any circumstances, and early indications of the foreign policy projected by Daladier offer little reason to hope that the new French government will prove more independent of Britain than those which have preceded it. The self-assurance of the Chamberlain government received a jolt with the surprising labor victory in the by-election at West Fulham, but one by-election will not compel it to change its course. In any case, France will do nothing without assurance that the United States will revise its neutrality policy—and that responsibility rests directly upon the shoulders of President Roosevelt.

Let There Be Light

MERLIN H. AYLESWORTH has just been named publisher of the New York *World-Telegram,* most important, most influential, and, as far as such shadings can be detected, least liberal link in a now rusty chain. His appointment is a measure of the decline of what was once a distinguished, fearless enterprise, a decline that has been rapidly accelerating since Aylesworth joined the Scripps-Howard general management a year ago. In introducing him to its readers, the *World-Telegram* vividly described his active boyhood but hurdled the most illuminating years of his life with this ambiguous sentence: "Thereafter he was prominently associated with the electrical industry, before coming to New York at the request of Mr. [Owen D.] Young to organize the N. B. C."

By "electrical industry" is meant the National Electric Light Association, notorious propaganda agency of the utilities in their more flamboyant days. What Mr. Aylesworth—he says, "Just call me 'Deac' "—did in those carefree years as the N. E. L. A.'s managing director would have barred him from the post of assistant office boy in the regime of the elder Scripps. The Federal Trade Commission's probe of utility propaganda brought him into the limelight. In its report he was quoted as advising the N. E. L. A. to spare no effort to purchase public sympathy for the utilities: "Don't be afraid of the expense; the public pays," he said. He told a conference of the Midwestern utilities just how college professors could be bought at ridiculously low rates. He reported that newspaper space could be had at no cost at all. Exploding the notion that newspapers are made to print news, he candidly described how the N. E. L. A. made the news: "Thirty-two states are now functioning. . . . They are getting thousands and thousands of columns of news without cost, and getting the kind of news they want."

Having helped to bring the utilities to the level of disrepute they finally attained, Mr. Aylesworth moved to the National Broadcasting Company. But he never forgot his favorite under-dogs—the abused utilities and the impoverished college professors. A Senate committee disclosed in 1933 that at Aylesworth's suggestion Halsey Stuart and Company, underwriters of Insull securities, had retained Professor Nelson of the University of Chicago to act as their radio mouthpiece at $50 a week. He did not have to write his script.

Aylesworth is now in a position to destroy the last vestiges of Scripps-Howard liberalism. For New York is where Scripps-Howard policy is made, and the *World-Telegram* has already moved farther to the right than other Scripps-Howard papers. Recently Raymond Clapper wrote a sympathetic Washington column on Roosevelt and the reorganization bill, insisting that reaction had magnified it "out of proportion to the contents of the measure" and lamenting the "cruel" barrage being directed against the President. In the Scripps-Howard Washington *News* it was a defense of the President; in the New York *World-Telegram,* after zealous deleting, it was a cynical portrait of a harassed, blundering Executive. The next day Clapper again disparaged the furor over reorganization; his piece—Why All the Shouting?—was not printed in the *World-Telegram.* Meanwhile, that paper has been waging a campaign against Borough President Stanley M. Isaacs for appointing and refusing to dismiss a Communist aide, a campaign in which its closest allies are the Hearst press, the Catholic church, and the American Legion. In the same pages President Roosevelt has been linked with Hitler because of his reorganization plan.

The Scripps-Howard chain, as the masthead proclaims, still promises to give light so that the people may find their own way. This is doubtless all right with "Deac" as long as they don't get the keys to the powerhouse.

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Roosevelt Must Fight!

BY PAUL Y. ANDERSON

Washington, April 11

THE vote on the reorganization bill removes the last vestige of doubt that Roosevelt must either fight as he has never fought before or let everything slide. There is no other logical choice, and if he starts figuring "angles" he will only waste time and muff an opportunity. Since it is not his nature to let everything slide he had better decide quickly to fight for something worth the effort. His present position is impossible and its essence is political. At least a third of the Democrats in Congress are violently hostile to him and to most of his permanent and more enlightened objectives. They are, in fact, a fatal handicap. In such circumstances there is but one thing for a determined man to do—liquidate them or go bust trying. A third of the Senate and the full House must face the voters this year. The fact that most of the Democrats will be seeking renomination in the party primaries presents Roosevelt with his opportunity.

If he elects to pursue the bold course his immediate strategy would seem fairly obvious. Beyond temporary relief measures he will get from the present Congress nothing worth having. Therefore if the sheep and the goats are to be separated, it is extremely desirable that the separation be as wide and final as it can be made. For this purpose nothing could be more admirably suited than a fight over wages-and-hours legislation. That issue would not fail to produce a sharp cleavage, and is, moreover, an excellent one on which to go to the voters. A Gallup poll taken only three months ago showed 78 per cent of Democratic voters favoring such legislation. The result of the poll was eloquently vindicated in the senatorial primary in Alabama, where the only issue was Lister Hill's support of the wages-and-hours bill. The C. I. O. unions, the A. F. of L. locals, and the railroad brotherhoods lined up for Hill, and the Southern pine barons, the owners of the turpentine camps, the managers of the steel and rubber mills, and the local Liberty Leaguers took their rightful places behind Tom Heflin. Hill won by a landslide. That was the handwriting on the wall in Alabama, and this is a good time for Mr. Roosevelt to memorize it if he hasn't done so.

As for the reorganization bill itself, even the New York *Times* recognizes that it merely served as a stick with which to beat the President. I heard or read most of the debate, and I have yet to learn of a single sensible argument against the measure. Most of the clamor against it was utterly irrelevant if not idiotic. The state of mind which made it possible was perfectly epitomized after the bill's defeat in the following editorial comment in the Columbus (Ohio) *Dispatch:* "The New Deal's . . . duty is to accept the verdict given in the House vote, redesignate its goals, and set about now to establish some kind of order from the confusion it has created so that everyone may again know whether business is an ethical calling, earning profits is a legitimate enterprise, and exercising individual genius, energy, and judgment is to be once more a peculiar and prideful American trait."

The best news is the Administration's decision to resume spending for relief and recovery. It should have been resumed at least six months ago. Some observers think the President failed to recognize the need, but I am skeptical. I suspect not only that he knew what would follow when he seemed to swallow the bankers' superstition that salvation lies in a budget balanced at the expense of relief, but that he permitted contraction to reach its present stage partly because he wished to prove what fools the bankers are—as if everyone didn't know already! If that is correct, he was playing a dangerous game. Harry Hopkins stated the case with characteristic bluntness and realism when he told the Senate Committee on Unemployment that three million persons have been added to the number of jobless since last fall and that the number of persons receiving public assistance has risen to approximately eighteen million. Further justifying his reputation for courage and honesty, Hopkins emphasized that the business lapse responsible for the rise in unemployment is a direct result of the improper distribution of consumer purchasing power during the period when production increased. Wages failed to keep pace with dividends and prices; indeed, as he pointed out, monopoly-controlled prices were maintained at more rigid levels than during the period immediately following the World War. The inevitable consequence was tremendously overstocked inventories (such as that of General Motors), followed by wholesale lay-offs. The brokers' jargon means exactly nothing and should be permitted to escape down the rainspout along with the shrill maledictions of my old chum General Ironpants Johnson. This "recession" occurred simply and unmysteriously because the workers and farmers were not enabled to consume what they produced. Lest we forget, that is what caused the "depression."

It is a comfort to know that Hopkins recognizes the cause of the suffering he is expected to relieve. It is even more comforting to know that it is recognized by another member of the Administration—Solicitor General Robert H. Jackson. Artificial control of prices certainly is one of the most vicious factors in the starvation of consumer buying power, and Jackson is in a position to do something about it. I have excellent reasons for believing he will do something very positive, and that soon.

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If he does, the political dopesters may find an answer to the puzzle which now vexes them so dreadfully—who will the Democrats nominate in 1940? Jackson would not be the first New York Democrat to win the nomination over Tammany's opposition, and Tammany is not the tiger it was in Cleveland's day.

The decision of the Labor Relations Board will not restore the lives of thirteen men murdered in cold blood by the police of Chicago and Massillon last summer, but it does place the responsibility for those horrible atrocities squarely where it belongs—on the shoulders of Tom Girdler and his straw bosses in the Republic Steel Corporation. In a country which set less store on legal niceties and more on human life, such responsibility would incur penalties more drastic than the Labor Board has power to impose. However, Girdler is not likely to escape with mere moral censure and public abhorrence. If the board's order is upheld by the Circuit Court of Appeals, as on the strength of the record seems a foregone conclusion, he will have to pay out more than a million dollars to compensate the strikers and locked-out workers for loss of time. Equally painful, perhaps—depending on whether pride or avarice is uppermost in a man of his kidney—will be the compulsion to negotiate with representatives of the men who were driven from the gates of his mills with gas and bullets. And if the board is upheld in its other decision, that an employer who reaches an understanding with his employees must put it in writing, the czar of Republic may even find himself signing a contract with John Lewis and Phil Murray. It is a privilege he doesn't deserve.

How Industry Hides Its Profits

BY ELIOT JANEWAY

REFORM of the profit system for the good of the profit system has been close to President Roosevelt's heart ever since his initial dedication of his Administration to the cause of recovery, relief, and reform. Like everyone else, however, the Administration economists have taken the profit system for granted. Only when recovery vanished into thin air did a realistic group of the President's advisers begin to investigate one of the most obvious problems of the desired reform. What, this group has begun at last to ask, are profits?

But doesn't everybody know what profits are? The profit of a given company is the difference between the price at which it sells its product and the amount it has to spend for raw materials, labor, overhead, taxes, and so on. There is only one catch. The public can find out with perfect ease what a company takes in; it cannot find out at present what any company's costs are. Therefore it cannot know what any company's profit really is.

Take the steel industry. During the first three months of 1937 the costs of the labor, materials, taxes, and so forth of the leading nineteen companies all rose compared with the same period in 1936. But the companies' own 20 per cent price increase, made to offset rising costs, did not go into effect in time to show up in the March, 1937, statements. Measuring the old way, by rule of thumb, one would conclude that their profits must have fallen. But they didn't. They increased 458 per cent, according to the companies' own reports. What happened was very simple: the rate of production of these companies rose 55½ per cent.

From this beautiful demonstration of why America is a great country it is clear that one cannot measure a company's costs without taking account of the rate at which it is working, and particularly of that special level of production, called the break-even point, where operations crawl out of the red and into the black. This point is the measure of the efficiency of a corporation and is usually the most closely guarded of all company secrets. We know, however, that some efficient companies can pass this point when operating at only 20 per cent of capacity. It should also be noted that profits increased over eight and one-quarter times faster than production. The reason for this phenomenon, too, is simple. Once the break-even point is achieved, one portion of costs remains stable, the part called fixed capital—plant, machinery, and the like. And as the break-even point recedes under increased production, every dollar of income is left freer to go into profit, since only a part of costs—raw materials, labor, and the like—continues to increase also.

Without knowledge of a company's break-even point and rate of profit increase, both labor and the public suffer. Labor suffers because it lacks scientific weapons with which to fight unjustified demands for wage cuts or refusals of wage increases. It does not know how much money its employers are making when they are using, let us say, only half of their capacity; many companies can make substantial profits when operating at this rate. The public suffers through the government's inability to discover proper taxable resources which will provide the needed revenue. Only when there is full public knowledge of actual profits will it be possible to realize the American ideal of making mass production, with the enormous increases in efficiency that it brings, pay dividends to our 130,000,000 people.

If mass production did not lower the cost of every article turned out, we should have no alternative but to accept industry's protestations that every 10 per cent wage increase makes necessary a corresponding increase in the price of its finished product, and that every penny the government takes in taxes must be shaken out of the

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pocket of the public by further price rises. Certain circles in the Administration believe this theory of a static economy. Their view apparently prevailed when the President recently made an appeal for higher prices before his campaign to lower prices had been brought to a successful conclusion. But industry frequently contradicts its own spokesmen, and if what business says, and conservative Administration advisers believe, is true, we shall have to send Henry Ford back to his bicycle shop, and ask E. T. Weir to have his steel rolled by hand.

The American automobile industry is quite rightly regarded as the greatest example of the achievements of mass production, and Fordism has become a cliché for a new way of life as well as of manufacturing. Yet, true to the nineteenth-century economics which business parades in public, the automobile industry rigidly invokes a static system of cost accounting when taking its customers into its "confidence." William S. Knudsen, president of General Motors, appeared before the Senate Unemployment and Relief Committee in January, 1938, to explain why his company had found it necessary to lay off 30,000 men during the preceding month. Don't you think, he was asked in substance by the committee, that the action of the industry in raising its prices from $60 to $100 a car may have had something to do with the severe drop in demand which cut sales in half in December? "Senator," Mr. Knudsen testified, "I don't think anybody in God's world could have told me that the outlook was going to drop 50 per cent in two or three weeks." He continued, in justification of the price increase, "During 1937 the over-all increase in car costs [was] 13½ per cent, but car prices were not increased until August to October, 1937, and then only 8½ per cent." Mr. Knudsen was undoubtedly giving the Senators facts, but he was giving them facts according to the old accounting system. And he was not giving them all the facts that an honest application of that system would require. The price increases came to approximately $60 to $100 a car. Did the cost of making automobiles also rise $60 to $100 a car?

Take first the rise in raw-material costs. *Automotive Industries,* the leading trade paper in the industry, compiled a very interesting index of fluctuations in material costs, covering the very period cited by Mr. Knudsen to justify the increase in selling price. Taking 1929 costs at 100, the index placed October, 1936, costs at 79.5. By April 1, 1937, the figure had risen to 94. This October-April period, when the automobile boom was at its peak, saw the sharpest price inflation, but at that time the industry had no complaint to make of rising costs. By November 4, 1937, when the new higher-priced 1938 models were coming on the market, the index of costs had fallen to 85.8, losing 3/5 of the rise it had experienced since October, 1936. Thus prices, be it noted, did not rise till raw-material costs had lost 60 per cent of their increase. The principal raw material which by maintaining its price was preventing the index from dropping back all the way to its unobjectionable 1936 level was steel. And how far did steel drive up automobile-manufacturing costs? During 1936 the average amount paid for the steel used in each automobile was $78.87. In 1937 the nominal cost was $91.30. Actually it was less because a good deal of the steel used in 1937 had been contracted for before the steel price rose early in 1937. The difference on the basis of this nominal (much too high) price is $12.43 a car.

Wages of course had risen in 1937. In March the *Wall Street Journal* computed that the labor cost per automobile had risen from $138 to $150. On the basis, therefore, of an increase in material and labor costs of about $25 a car ($12.43 for materials and $12 for labor) automobile prices were raised $60 to $100. The increase in the cost of materials other than steel which occurred in the spring of 1937 can be disregarded because by the autumn, when the car price increases went into effect, these costs were falling and falling fast. On their account, therefore, the price increase was unnecessary.

Using the old static balance-sheet method of reckoning costs, we find that prices increased three or four times as much as costs. But we have not yet taken into account the extent to which mass production cuts the cost of each car. We still do not know whether these rises in costs were not actually transformed, by increased productive efficiency, into declines in cost. The answer lies in the rate of production. Over the six months' period in which the *Automotive Industries* index of costs rose from 79.5 to 94, production also rose—from 230,049 cars in October, 1936, to 553,415 in April, 1937. Moreover, an unusually large part of the increased production was in the higher-priced categories, especially in the Buick price class. The significance of this is that profit margins on this class of car are about three times as great as on the Ford-Chevrolet type. If real profits are to be unearthed, they must be computed first with an eye to production rates and efficiency methods and then in terms of the profit margins earned on each unit.

What did this increase in production, and especially in the production of higher-priced cars, do to profits? If our thesis is correct, the increase should have been sufficient to absorb even sharply rising material costs and wage increases. A first glance at the report of Mr. Knudsen's company for the first six months of 1937 seems to put us distinctly in the wrong. For General Motors' profits during that period were $30,000,000 less than in the corresponding period of 1936. True, sitdown strikes had tied up production and stopped assembly lines, but even so a drop of $30,000,000 in profits seems to uphold Mr. Knudsen.

But a corrective exists which the company did not make public, a typical example of real profits concealed under another name. Among a company's assets must be included, obviously, the raw materials it has on hand—in the case of the automobile industry steel, parts, and so on. General Motors had $29,893,012 less of such material in July, 1936, than it had in the previous January. This was a healthy drop, showing that the raw materials pouring through its factories were not keeping pace with production. But in 1937 the inventories showed an *increase* of $19,426,670 from January to July. Despite an extremely high rate of production the stock of goods on

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hand had risen faster than it was being handled. If General Motors had been content to follow the pattern of a normal recovery year like 1936, it would have spent $49,000,000 less on materials, and its profits would then have showed, as actually its concealed profits do show, an increase of $19,000,000 over the year before instead of a decline of $30,000,000. General Motors' surplus, meanwhile, was running $28,000,000 ahead of the figure for 1936; this is evidence enough that the money for the expanded inventories came from current profits, not from the corporation's savings. During the third quarter of the year, moreover, when the scramble to accumulate inventories had stopped, but still before the price increases could show in profits, even profits rose higher than in 1936. Chrysler's figures tell the same tale. In the case of both the companies income from sales, flowing into the profits columns, was hustled out of it, unknown to stockholders, government, and general public, and back into the business as raw-material inventories. It is clear therefore that increased production was more than sufficient to compensate for rising costs, that it converted higher over-all costs into lower unit costs.

Now there is more to this homily than the simple fact that profits were concealed. The concealment was not so much an aim as a by-product, and the important thing to note is where the profits went. They disappeared into inventory. Why? Because the general managers and board chairmen in the automobile industry believed as firmly as the rest of business that 1937 was finally going to see recovery turn into prosperity, that 1938 was going to top 1929, and that prices were going to rise, and rise, and rise. So that it would be exceedingly profitable to order stocks of materials in the first part of 1937 to be converted into cars in 1937-38 when prices were up.

All business was planning for a boom in the first half of 1937. Up and down the line, from steel to handkerchiefs, companies were filling warehouses with goods. Inventories, indeed, topped the 1929 level early in the year, although production, of course, never equaled pre-depression peaks. And then it all stopped. The wage increases came. They were followed by price increases three times as great. Every company, having managed to beat the price increases of its suppliers, faced the future confidently, its warehouses bulging with raw materials. And in December Mr. Knudsen found himself laying off 30,000 workers because no one could buy his cars. What had happened? Everyone had ordered so much before prices went up that no one needed much of anything afterward. The steel industry, for example, worked at high speed through the summer filling old orders. In September, when it had cleaned up its backlog and needed new orders desperately, it discovered that the automobile companies had on hand enough steel to build nearly two million cars without buying another pound. The rubber manufacturers, the metal companies, the auto-parts makers, the machinery firms, and the rest found themselves in the same boat, unable to sell their normal autumn output to the already sadly overstocked car manufacturers.

Said Mr. Knudsen to the Senate committee, "The only thing I know is that sales have gone down." But with his industry accounting for the activity of so many others, employing hundreds of thousands of workers, it should have been possible for him to guess that his retail sales would decline as his purchasing agents put fewer dollars into circulation. At any rate he should have known that once pay rolls in steel, rubber, and other lines began to shrink, the working-class market for automobiles would be unable to absorb the autumn price increases. The next time Mr. Knudsen simultaneously stops buying for his company and raises prices to his customers, he should repeat to himself, "More than half of the automobile-owning families in this country have incomes of less than $30 a week."

What Mr. Knudsen and every other business executive did, then, was to outsmart his suppliers so successfully that he outsmarted himself. Everyone was so successful in buying cheap that no one could subsequently sell dear; the boom in production while prices were on the way up simply camouflaged this huge and thorough miscalculation.

And yet there can be no business activity at all without planning and buying months in advance. Steel, machinery, and other durable goods are made to fit precise specifications, and they must accordingly be ordered ahead of time; and, similarly, makers of steel and machinery must order their own carefully specified raw materials well beforehand. But this kind of planning is sheer speculation unless every company ordering its raw materials for delivery six months hence has a good idea of how many customers it will have, say, nine months hence, when these raw materials have become finished products ready for sale. Of course if the automobile industry expects to have four million customers, it produces at a rate that will turn out four million cars that year. And each company, if no one else, knows what its profit will be at that rate of production. Normal, healthy inventory accumulation must proceed on this basis. It is distorted into suicidal speculation by the fear of rising prices. Yet price rises, and the fear they provoke, will dog the steps of every wage increase so long as the fiction persists that wage increases cannot be absorbed by greater volume production.

If the government really means to regulate business and to assure higher general purchasing power, this is the problem it must tackle. It must ascertain how much money each industry can make at every rate of production. When it knows that the industry is comfortably in the black, it must have the power to prevent price increases based on wage increases, thus removing what has been the most potent cause of price and inventory speculation. If it can do this, it can eliminate the fatal speculative factor from legitimate forward buying. Unless it does this, it can never hope to prevent such ruinous fluctuations in business activity as we have experienced in the past year, and labor must live under the threat of either a rising cost of living or mass unemployment. A sweeping federal investigation into profit margins must be the basis of any serious attempt at government regulation of business.

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A Foreign Policy for America

Collective Action Retains 83 Per Cent of Vote in Poll

[*On the next page appears a partial tabulation of votes in* The Nation's *poll to determine liberal sentiment on ways and means of keeping the United States out of war. In two weeks the total vote and final analysis will appear. Herewith is a cross-section of liberal opinion on this vital problem.*—EDITORS THE NATION.]

B. B. KENDRICK
Professor of History and Political Science at the Women's College of the University of North Carolina

For the present and immediate future isolation is forced upon the United States, because no country in the world is willing to cooperate with us in the service of democratic objectives. England, France, and Russia may offer us cooperation, but it requires little perspicacity to discern that their motives will be the same as in 1917-18—that is, to obtain our aid in pulling their chestnuts from the fire. If we undertake cooperation with them now, we shall not merely risk but actually incur war. It is naive to believe that we can possibly benefit ourselves by going to war to save the British and French empires, or the holy Russian experiment.

Granted that the imperial rule of the so-called democratic powers is less brutal than that of the fascist countries, why should we fight that a lesser evil may prevail over a greater? And when we add the certain evil which will come to us from participation in any war to the lesser evil of "democratic" imperialism, the sum of the two will exceed the evil of fascist imperialism—assuming a Rome-Berlin-Tokyo victory if we remain neutral.

No, John Bull and Marianne do not come into court with clean hands. Until they do, let their Uncle Sam adopt the not-very-noble *sauve qui peut* as his motto. He may not save himself by hoeing his own weedy garden; he certainly will not by trying to help the natural parents of the *böser Bube* spank their unruly offspring. As a hoe-hand in his own *garden,* he can do more for the delicate flower, democracy, than as disciplinarian in a *Kindergarten* for bastards.

ROBERT A. BRADY
Department of Economics, University of California

Fascism and allied black reactions are on the march against the peace and security of the world. Their sworn enemies include democracy and all the institutions and value systems native to its outlook on culture, life, and living. The reaction within domestic frontiers is of a piece with that rampant abroad.

Formulas for the defense of democracy are the same in the international and domestic fields. In the face of an attack delivered with the avowed intention of destroying all democratic sanctions root and branch, friends of democracy have no rational choice but to combine for its defense. It makes no difference what united action is called—united front, peoples' front, popular front. Abroad the program must obviously be the same, term it collective security or what you will.

Isolationists fail to understand that fascist aggression, in order to maintain its controls, must continue on the move. It is inherently and necessarily expansionist abroad as it is tyrannical and exploitative at home. Unless stopped by united action on the part of democratic nations it will conquer them one by one. Everyone who has been following closely the paths of the totalitarian empires knows that they have designs on South America, the Soviet Union, the British Empire.

Cannot neutrality exponents see that declaration of neutrality in the face of aggression such as that in Spain and in China is not neutrality at all but abandonment of it? The Neutrality Act might better be called An Act for Abandoning One's Allies upon Definite Proof of Their Being Set Upon with the Intent of Murderous Assault.

Then, while we are wrapped in our own "security," our own domestic reaction—taking heart at successes of its kind abroad—can find its way to power and put the isolationists in concentration camps along with all other presumptive friends of democracy. To me this type of neutrality is plain treachery. Combined with isolation it does not promote peace but encourages aggression and war and betrays democratic institutions both within and without our own troubled land.

SAMUEL UNTERMYER
Member of the New York Bar

The best assurance of peace for our rich country is unquestionably that we be armed to the teeth against aggression.

I do not subscribe to the view that the so-called reciprocal trade agreements which our amiable, idealistic, free-trade-minded Secretary of State is negotiating for this country tend materially to promote world peace. On the whole I consider them contrary to the protective policy on which the prosperity of this country has been founded, and having no more logical relation to peace than chalk has to cheese.

I think the policy of the United States should be one of isolation as against collaboration if by collaboration is meant that our country shall assume any obligation whatever for the action of our associates in the direction of war or peace. I do not agree that isolation necessarily implies a drastic policy of non-intercourse. It should, however, imply refusal to make any commitments whatever to aid the victims of aggression, even where the violation of existing treaty obligations with us is involved, for it is evident that the treaty obligations of some of the aggressors are meaningless, and unenforceable except by war.

There is, however, one important concrete thing we can do in the furtherance of our own interests and of the interests of mankind, and that is to promote and spread the principle of "Buy American." We now have free trade with the forty-eight states of our Union and with our colonies, and are the one well-nigh self-supporting nation of the world. I do not recommend that we erect a Chinese wall around our country and exclude all foreign goods, but we can come nearer to doing that than any other nation.

Deep as are our sympathies for the nations and peoples that are being crucified and oppressed, we must not repeat the mistake we once made in precipitating our country into

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war. The present is, after all, a passing phase in world history, and we can only add to the terrible condition by injecting ourselves into the conflict. We can best serve humanity by trying to prevent the carnage, and if it must come, by preserving our strength to be of help when it is over.

ALBERT GUÉRARD
Professor of Literature at Stanford University

The obvious cause of our present chaos is nationalism—not patriotism, not good citizenship, but fanatical tribal fetishism. Our choice is: "My country, right or wrong," or, with William Lloyd Garrison: "My country is the world, my countrymen are all mankind."

Internationalism implies world federation, with a world court, a world police, a neutral world language. Collective security, the free cooperation of independent states, is the indispensable transition between unlimited nationalism and world federation.

A citizen refusing to support the police, on the plea that "policemen are but licensed murderers," is in league with the criminals. A nation refusing to cooperate against aggressors is morally responsible for wholesale slaughter, in China, in Abyssinia, in Spain. To deny the police the possibility of using force as a last resort in defense of the law is to allow the believers in violence a free field. Absolute non-resistance on religious grounds (Christian anarchism) is defensible only if it is practiced at home and in private life, as well as in international affairs.

In spite of all pettifogging, there are definite tests to determine the aggressor: (a) refusal to arbitrate; (b) crossing the frontier in arms.

Reshifting frontiers is hopeless and futile. The goal is to minimize the frontier through a liberal policy, so that it may become as innocuous as the state line between Connecticut and New York. The redistribution of colonies would be a retrograde step, an injustice to the countries which were denied a chance to colonize, like Poland. The goal is to suppress colonies altogether by (a) training partly civilized countries for dominion status and ultimate independence; (b) placing all primitive countries (tropical Africa, New Guinea, etc.) under a bona fide collective mandate.

What we need most is a saner view of recent history. Foolish propaganda ruined the cause of Wilsonism, which was that of organized peace. It has been followed by two decades of virulent counter-propaganda. We were on the right road in 1917; even Hitler admits the validity of Wilson's Fourteen Points. We put ourselves in the wrong in 1920, when we allowed a composite and vociferous minority to kill the Covenant.

Commitments are not entanglements. Unless we commit ourselves to some definite principle and to some definite course of action, there will be no law and no peace.

Summary of Balloting Through April 6*

In the long run, which offers the better insurance against war for this country—

1. Isolation?	1,278	(16.7%)
2. A policy of cooperation with other nations in defense of peace?	6,361	(83.3%)

ISOLATION

Do you believe that a policy of isolation—

1. Should be backed by a large increase in the army and navy?	435	(35 %)
2. Or should we depend chiefly on measures of economic non-intercourse to protect us from war?	843	(65 %)

COLLECTIVE SECURITY

What sort of collective action do you advocate to check aggression—

1. Economic measures directed against the offending power?	5,221
2. Economic support for the victims of aggression?	4,883
3. The threat of collective armed resistance to aggression?	3,836

(Many voted for two or all three of these measures)

The present Neutrality Act prevents economic cooperation with other nations to prevent or resist aggression. Would you favor—

1. Repealing the act outright?	2,390	(39.6%)
2. Or amending it to permit economic aid to the victims of aggression?	3,646	(60.4%)

IN EITHER CASE

Has the failure of the major democratic powers effectively to oppose the aggressions of Germany, Italy, and Japan weakened your belief in the possibility of collective action?
Yes 2,936 (40 %) No 4,498 (60 %)

Has it caused you to direct your hopes for such action to non-official groups in all countries —particularly to labor and liberal and pacifist elements in the populations and the parliaments?
Yes 4,585 (66 %) No 2,363 (34 %)

Do you favor the application of voluntary popular boycotts to goods coming from nations engaged in aggressive warfare?
Yes 5,885 (79.6%) No 1,503 (20.4%)

Do you believe in a referendum on the question of a declaration of war by the United States?
Yes 3,121 (47.7%) No 3,638 (52.3%)

*Percentages based on the total of those voting on the individual questions.

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How Sound Is German Economy?

The Internal Picture*

BY A. VIDAKOVIC

ON the fifth anniversary of their rule the Nazis made a proud claim of economic achievement. Unemployment, they said, has disappeared; employment has risen from 12,580,000 to 18,960,000; the gross value of production from 40,000 million Reichsmarks to between 75,000 and 80,000 million; the production of steel from 5,650,000 to 20,000,000 tons; the average number of houses erected annually from 131,000 to 300,000; national income from 45,200 to 68,500 million Rm.; and income from Reich taxation from 6,560 to 14,000 million Rm. It is an impressive claim, even though the official figures do not in every instance agree and even though the chief advance has been achieved in armament production and not in consumption. Certainly it is no picture of collapse such as might have been expected from the continued stories of German economic difficulties.

But this very record of accomplishment makes it the more necessary to discover—by examining incontestable facts provided chiefly by Germany itself—how such progress has been achieved in the face of overwhelming odds, how the means have been found, how great the strain has been, and what is the margin of reserve for future advance? These are difficult questions to answer. Budgets are no longer published, gold inflow and outflow are not registered, government statements of debt are incomplete. The American Exchange and Security Commission complained, after its visit to Germany, that the Reich debt reports were incorrect, and that it was impossible to obtain any information about the secret, unrecorded debt, which is estimated variously at between 1,000 and 2,000 million Rm.

But, even so, we have sufficient official data to enable us to infer how the Reich meets its financial needs. First of all, it resorts to direct borrowing, which in the course of 1937 yielded 2,350 million Rm.; this, with the 1,000 million borrowed in January, 1938, brings the officially admitted debt to 18,600 million, which is nearly double the amount of debt inherited. This statement does not include the secret debt, bills for armament and made work, or tax certificates. Second, it uses taxation; the sum thus obtained has doubled since 1933, although national income has increased only 50 per cent. Thus, while the German nation in 1929, with an income of 76,000 million Rm., had to contribute to the state 18.8 per cent in taxes, and during the first Nazi year 22.6 per cent, during 1937 the tax burden rose to no less than 26.5 per cent. In addition, extra marks can be squeezed out in many minor ways, such as the emigration tax on Jews, the impounding of foreign securities—this yielded 280 million Rm. in 1936—and the limitation of dividends. This last, although it has yielded only a negligible sum—under 100 million Rm.—is interesting as a characteristic device for raising money. According to law, all dividends exceeding 8 per cent, and in certain cases 6 per cent, must be handed over to the state, which issues in return an equivalent in tax-credit certificates. This in reality amounts to a forced loan, since the certificates are non-interest bearing, and valid only after 1946. True, they can be sold, but only at a loss of about 20 per cent, which explains why German business men prefer to declare small dividends and put the money into undistributed profits. The state, however, not to be outwitted, is practically forcing industry to provide capital out of income for the execution of the Four-Year Plan.

Since any increase in the national income may be pumped into the state treasury in the form of increased taxes, since the system of forced loans is infinite, especially in a country in which currency is divorced from gold and much capital consists in bills, and since the arrangement of loans maturing after 1951 and the issue of tax certificates maturing after 1946 throw no great burden at present on the government, we are forced to conclude that, unorthodox as are its methods of financing, Germany is far from having exhausted all its resources, and much less all its devices.

The position of industry, however, is not so favorable by far. Industry suffers in two ways. First, it is in dire need of money for renovating its plant and for expansion, since throughout 1937 the veto on appeals to the free market by industrial undertakings was maintained. The total sum allowed in 1937 for this purpose was between 15 and 16 million Rm., a sum which ordinarily would have been sufficient if most of the money had not been allotted to a small number of favored industries, and if wear and tear had not accumulated during four years. The great need for new equipment may be seen from one typical instance. Since 1933 railroad traffic has increased by 70 per cent, while the number of trucks and coaches has fallen by 10 per cent. The replacement of rails in 1937 was 40 per cent short; capital estimates for 1938 are further reduced. This condition is typical of many industries and is one of the reasons why the quality of production in many branches is rapidly deteriorating.

Deterioration in quality is intensified by the severe rationing of private industry in the matter of raw materials, most of which are taken by the state for its needs. This rationing is particularly strict in metals, for while Germany is rich in coal and lignite, and is becoming self-sufficient in zinc, aluminum, and metallic magnesium, it is very short of non-ferrous metals and ferro-alloys. The shortage is particularly marked in iron ore, cupriferous pyrites, mercury, lead, manganese, tin, and tungsten. Germany is therefore obliged to import three-quarters of its iron ore and

*The figures in this article are for Germany proper and do not include Austria.

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copper, and one-half of its lead requirements. Attempts to produce more iron ore in Germany have hitherto, according to the confessions of the German press, proved economically unsound. As a complement to rationing, substitutes have been introduced. The formation of new enterprises using steel is prohibited, and substitutes are being used even in building and machine construction. For houses reinforced concrete is taking the place of steel frames, and rubber and plastics are taking the place of metals in machinery. Aluminum is increasingly replacing tin; zinc is replacing brass and bronze, and copper, to a lesser extent, lead. Synthetic resin is used to save lubricants. New alloys are daily coming on the market, such as the N. B. metal for machine bearings, elektron for aircraft and incendiary bombs, Z. L. 2, a new zinc alloy, and Zamac, an alloy of zinc and aluminum. Rationing is even stricter for retail consumption. There the use of copper, nickel, lead, tin, mercury, chromium, or cobalt is prohibited except in unavoidable cases. Nor do rationing and substitutes end with metals. Cellulose textiles, such as *Zellwolle,* are favored over wool and cotton. Fish skins are made into imitation leather, potato peel into linoleum and corks.

As a result of this deterioration in the quality of manufactured goods, many complaints have been registered at home and exports have been retarded. In 1937 exports improved, it is true, to 5,468 million Rm., as against 4,748 million in 1936, but they are still far below the maximum of 14,000 million in 1929, and below the relative share of Germany in world trade in the days before Nazi rule.

Agriculture is in an even worse situation. In spite of all Nazi efforts to make Germany self-sufficient, the present cultivated area of 28,631,000 hectares does not compare too favorably with the pre-war area of 29,730,000 hectares, even with allowances made for the land that has passed under foreign rule. Nor have crops increased. In 1937, although production of potatoes, sugar beets, roots, and vegetables was better, cereal production was below that of 1933. The rye crop was 6,760,000 as against 8,700,000 metric tons in 1933; wheat 4,490,000 as against 5,600,000; and barley and oats together 9,700,000 as against 10,500,000. This deficiency was not made up by increased imports. Food imports last year were valued at 1,757 million marks as against 5,579 million in 1928-29. Even when we express the 1937 amount in 1928-29 prices, it amounts to only 4,000 million marks. The reduction of food is therefore considerable, considering the increase in population in nine years. At the present moment the average food consumption per capita in Germany is 50.4 kilograms of meat, 30.7 kilograms of fish, 26 kilograms of sugar, 8.6 kilograms of butter, 8.4 kilograms of margarine, 132 eggs, and 121 liters of milk a year. To improve food consumption without increasing German dependence on foreign markets, it would be necessary, according to the German Ministry of Agriculture, to extend cultivation by a further 1,200,000 hectares. But there German agriculture meets the special difficulty of diminishing returns. It must also contend against the unfavorable working of the "scissors," food prices having risen last year from 103.4 to 104.6 against a rise of manufactured consumers' goods from 130.5 to 135.8, in spite of much price regulation. These figures bear out Dr. Schacht's contention that Germany cannot achieve independence of food imports within calculable time. Nor can it cut down food imports, as too great restriction of consumption might have a bad psychological reaction. It is not within the scope of this article to dwell on the lowered standard of living resulting from stationary wage rates in conjunction with a rise of the index of the cost of living from 117.4 to 124.8.

Several facts emerge from this survey. First, Germany's economic progress is undeniable. This, however, is no proof of the superiority of Nazi methods, as a comparative study of conditions in Great Britain since 1929, the last peak year, shows that the German index of production has risen no more than the British, that is, by 24 as against 26. Second, the sharp rise in industrial production together with a more or less stable consumption makes it clear that all gain has been devoted to armaments and state needs and has afforded little benefit to the individual. In fact, the capitalist has contributed his dividends, the worker his diminished real wages, the farmer his increased production costs, and the unborn child his share in the national debt. Third, such advance as has been made has been achieved by means of ravages into both capital and industrial plant, leaving a greatly reduced margin of reserve.

These facts pose the question: If Germany has achieved only an advance comparable to that of others, and at a sacrifice much exceeding theirs, what will be its chances of weathering the next world crisis unless it abandons its present armament policy? When the whole world has to live on the margin accumulated during the fat years, will Germany, already strained to the utmost, be able to carry through without collapse?

Anschluss and the Future

BY I. G. ROGIN

AS THE smoke of the Austrian explosion clears away and Europe is seen to be so much nearer the precipice, the military-economic experts are busy taking inventory of the new situation. Austria is said to be a military asset and an economic liability to Germany. It is also a headland jutting out to the east from which Hitler can cast his net into many waters. In "Mein Kampf" Hitler laid claim for Germany to the whole heritage of the "lost lands" of the Hapsburgs. These, be it remembered, include not only Austria and Czechoslovakia, but also Hungary and lands now held by Italy, Yugoslavia, Rumania, and Poland. Never before has the Balkan balance been so threatened by the military might, economic control, and grim purpose of a Western European power.

Austria's natural resources can supply Hitler with some high-grade iron ore—not nearly as much as he needs—and some lumber. But Austria itself require

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raw material and semi-manufactured goods worth about $46,000,000 more than the value of what it exports, and it pays for these by the export of manufactured goods. It imports about $60,000,000 worth more of foodstuffs and live stock than it exports, this sum being the total annual amount of its unfavorable balance of trade. Thus with the mark worth about two schillings in world trade, Austria wipes out more than a quarter of Germany's painfully achieved favorable trade balance. In addition, Germany now has the task of preserving markets for Austrian iron products, paper, electrical and other machinery, motor vehicles, and metal goods. These are all products which Germany has itself found difficult to export. Furthermore, Austria's exports of cotton goods and woolen yarn can continue only if it can import the raw materials. Austria has developed a small export of dairy products to Germany, but for the coming season it is estimated that it will have to import 2.2 million quintals of wheat and 2.5 million quintals of rye. Although over 37 per cent of the land is covered with forests, high taxes have caused the timber to be felled five times faster than it can be replaced by normal growth. German absorption will probably speed this consumption.

Should the Germans absorb Czechoslovakia politically or economically, they would obtain control of a region which in 1937 showed a small favorable trade balance of about $1,750,000. But Czechoslovakia imports each year on balance about $17,500,000 worth of foodstuffs and about $87,500,000 worth of raw materials and partly manufactured goods more than it exports, and about $122,000,000 worth of manufactured goods on balance. In 1936 Czechoslovakia sold 14.5 per cent of its exports to Germany and nearly 9 per cent to Austria, taking in return 17.5 per cent of its imports from Germany and 4.4 per cent from Austria. While its purchases made up 7.5 per cent of Austria's exports, they formed only 2.9 per cent of Germany's total exports. Besides cotton yarns and cotton, wool, and silk textiles—all of which require raw materials from abroad—Czechoslovakia's principal exports are machinery, steel products, electrical goods, pottery products, glassware, and leather goods. Only its timber, hops, and barley would be useful to Germany; its manufactures would again pose for Germany the problem of foreign markets. Its absorption would greatly increase Germany's industrial output but intensify Germany's competition with the world outside for the markets and raw materials the region requires.

South and east of Austria the Balkans now offer Germany its best opportunity to practice its ideas of regional economy, or *Grossraumwirtschaft*. Before the World War Germany did a large business with the Balkans, and by 1929 it had regained most of it. The depression hit this area with especial severity, and in 1932, because of the scarcity of Balkan, not of German, foreign exchange, clearing agreements were entered into which were to become the machinery for the Nazi drive for control. By these agreements importers in each country pay for goods in their own currency, the money being placed in a clearing account in the central bank of the country. Exporters in the country are paid out of this account. Accounts stay in the country, and an excess of exports to Germany, for example, piles up a balance which can only be collected when imports are taken from Germany and payment is made into the clearing account.

A brief survey of the trade relations of the nations of Southeastern Europe reveals some interesting facts. Yugoslavia exports materials which Germany must obtain abroad: timber, copper, maize, swine (many still remember the Austro-Serb "pig war"), meat and meat products, tobacco, hemp, hops, eggs, skins. It also produces small quantities of lead, zinc, chrome, gold, bauxite, iron ore, antimony, and magnesite. From Germany it has been taking increasing quantities of cotton yarn, woolen yarn (offered in 1936 at 30 to 40 per cent below British prices), and coal (offered at prices lower than the poorer product of the native mines). Machinery and apparatus for all branches of industry and electric machinery and goods are supplied principally by Germany. Yugoslavia's commercial debt of 100 million dinars to Germany in 1934 was changed by 1936 to a German trade debt to Yugoslavia of 470 million dinars; and exporters were offering their holdings of blocked marks at 20 per cent, thus further lowering the price of German imports.

No other Balkan country sells so large a share of its products to Germany as Bulgaria—tobacco, eggs, poultry, meat and meat products including lard, and fruit and vegetables. Germany in turn supplied Bulgaria with 63 per cent of its imports in 1936; these consisted of industrial machinery, automobiles, steel and iron, hides, aniline dyes, cotton goods, and raw cotton and wool, which Germany got from abroad. More interesting is the fact that Bulgaria is rich in coal, has oil-bearing shale, is beginning to produce chrome, and has begun to mine high-grade iron ore (magnetite) on a small scale. Manganese is also present, and Bulgaria would seem to be on the eve of a mining boom.

By means of favorable tariff and clearing arrangements Germany has purchased an increasing quantity of Hungary's farm products, in 1935 taking 37 per cent of its exports in this line. Germany is encouraging the culture of flaxseed and taking the entire output. Though agriculture has benefited, manufactures have suffered both from German competition and from the fact that manufacturers had relied on agricultural exports to purchase abroad the raw materials they needed. They have therefore been bringing pressure to bear on the government. With Germany now a next-door neighbor, their chances of altering government policy in their favor are greatly diminished.

Rumania, however, of all the Balkan countries, has the largest population, the most strategic position bordering on Russia, and the greatest attraction for Germany. It produces twice as much oil as Germany consumes, being fourth among world producers. Although the oil industry is partly in English hands, Germany has long been Rumania's leading customer for this and other goods, such as cereals, timber, and live stock and meat.

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Rumania has likewise been Germany's largest Balkan customer, taking manufactured goods, machinery, and textiles. In Rumania as in Yugoslavia Germany has undertaken to foster the cultivation of the soy bean.

Nowhere is it easier to arouse national hostilities than in the Balkans. We have only to mention Greece's dreams in Asia Minor, Yugoslavia's desire for Salonika, Rumania's Hungarian and German minorities, and Bulgaria's desire for Macedonia. Germany thus may easily become mistress of the Balkan household. This, however, will not give it self-sufficiency. In 1929 the six states of Hungary, Yugoslavia, Bulgaria, Rumania, Greece, and Turkey took 4.9 of its exports and provided 4.4 per cent of its imports. In 1936 the figures were 9.4 and 10.3 per cent. Carefully exploited, the region could supply Germany fully with tobacco, wood, iron pyrites, petroleum, bauxite, and some vegetable oils, though it could provide only a small part of the Reich's needs in cotton, wool, silk, copper, manganese, and mercury. Germany would still need to go abroad for coffee, cocoa, tea, rubber, tin, tungsten, vanadium, molybdenum, platinum, phosphates, jute, hemp, sisal, palm oil, and copra. Nevertheless, by moving into Austria Hitler has placed Germany in a position to make tremendous gains.

Beyond the Balkans lies the Ukraine, Hitler's promised land. Several roads lead to it, for Czechoslovakia, Hungary, and Yugoslavia all touch Austria at one end and Rumania at the other, and access to the Black Sea may be gained by way of Yugoslavia and Bulgaria. Still another land route is available—that through eastern Czechoslovakia and southeastern Poland. Both these regions are inhabited by Ruthenians, brothers of the Ukrainians. When the world begins again to hear of the wrongs of the Ukrainian people, we shall know what to expect.

Difficult as the situation is to analyze, certain facts force themselves upon the observer. The absorption even of Austria will require a period of adjustment and economic digestion. The ingestion of Czechoslovakia, should that occur peacefully with or without annexation, would be an even more painful process, since Czechoslovakia, while more self-sufficient in food, absorbs about as much in the way of raw materials as Austria and requires greater markets. With or without Czechoslovakia, however, Germany can exercise a preponderant influence in Europe through its domination of the Balkans. If it continues to turn to the east, it will be the more difficult for France and England to find reasons for fighting. Europe may gain a brief respite by tossing the Balkans to the wolves. But the Balkans end at Constantinople, and beyond lies the road to world empire.

Mexico Claims Its Own

BY HUBERT HERRING

THE conviction that buried wealth belongs to the nation persists obstinately in Mexico. The people have written it into every constitution. One of their chief indictments of Porfirio Díaz was his disregard of this basic principle of national sub-soil ownership. The revolution of 1910 proposed recapture of Mexico's alienated birthright. Article 27 of the 1917 constitution was explicit on this point: "In the nation is vested direct ownership of all minerals . . . petroleums and hydrocarbons . . . the ownership of the nation is inalienable." This provision was reinforced by the law of 1925 and by President Calles, whose efforts to carry out the law strained relations with the United States almost to the breaking-point. Under Dwight Morrow's persuasions the law was amended, concessions made prior to 1917 were confirmed without time limit, and peace was restored. This oil peace was maintained from 1927 to 1934. Mexico under Calles turned to the right, abandoned its land program, and did not touch the oil operators. In June, 1934, Cárdenas broke with Calles, made himself the actual as well as the nominal President of Mexico, and put fear in the hearts of the land-holders and oil operators. In three years he gave back some 25,000,000 acres to the people. And then he turned to oil. He has moved quickly. On March 18 he issued the decree of expropriation by which Mexico seized the holdings of British and American oil companies, their fields, their refineries, pipe-lines, and tools.

This act, say the Mexicans, was in accordance with the clear intention of the writers of the constitution of 1917 as well as of all preceding Mexican constitutions. Further, it was based upon the expropriation law of 1936. Prior to the passage of that law the Mexican Supreme Court had repeatedly ruled that tools and machinery could not be expropriated. Sugar lands could be taken, but not sugar mills or silos or farm implements. By the law of 1936 the Mexican Congress broadened the powers of the executive. He could now seize all property required for *utilidad social*—social usefulness. There was further provision that all expropriated property should be paid for upon the basis of assessed valuation and within a term of ten years.

The successive steps taken by Cárdenas have, Mexicans aver, fallen faithfully within the limits of Mexican law. A strike of the oil workers in May, 1937, was duly recognized as legal by the government. This strike was temporarily settled early in June, and the men went back to work, calling for an "economic investigation" by the Federal Commission on Arbitration and Conciliation. This was a legal step, within the rights of the workers. Under Mexican law a "just" wage is not determined by comparison with other wages but by the ability of the

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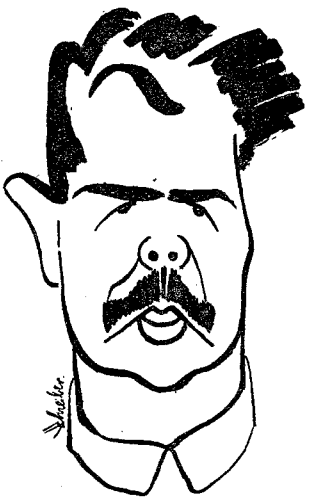
employer to pay. The books of the companies were then examined by the commission, and hearings were held to determine the ability of the companies to meet the workers' demands. The commission's report, made public in December, 1937, declared that the demands of the workers would add 26,332,000 pesos to the costs of production, but that the companies' books showed they could pay this amount. The companies, however, protested vigorously, declaring that the increased wages, the provisions for medical care, the allowance for leaves and vacations which were demanded would cost an additional 41,000,000 pesos. They had already agreed to increases which aggregated 21,000,000 pesos, and affirmed that they could go no farther without facing bankruptcy. Cárdenas replied that the government would give effective assurance that the increase would not go beyond 27,000,000 pesos. This left a gap of some 6,000,000 pesos between the companies' offer and government's decision. Prompted probably in part by the conviction that the government would capitulate and in part by the fear that concession would invite greater demands, the companies announced that they would not yield.

The government having won the test cases brought by the companies in the District Courts and the Supreme Court, President Cárdenas issued his ultimatum on March 10. He gave the oil companies ten days in which to obey the decisions of the commission. The companies stood pat. On the last day of the ultimatum period Cárdenas called a secret meeting of his Cabinet. It lasted three hours. While it was in session, the oil companies decided to yield, but they did not notify the President. In the meantime Cárdenas had written the expropriation decree.

In the background are many circumstances which have increased the irritation. Mexico claims that the companies have persistently ignored the laws. Mexican law decrees that 80 per cent of all workers in an enterprise shall be Mexicans, but in 1936, 37 per cent of all employees of oil companies were foreigners. The companies had been guilty of financing the Pelaez revolt against Obregón, and were suspected of having been behind other revolts. Mexicans resent the treatment dealt the local markets in oil products. Mexico, they affirm, gets the leavings—the poorer grades of gasoline and of all petroleum by-products. The capital has been forced to accept the poorest asphalt for its streets. Gasoline today costs more than twice as much in Mexico City as in New York. Furthermore, it is asserted that the oil companies have made a consistent effort to break down respect for the Mexican Commission for Arbitration and Conciliation by publishing full-page advertisements in newspapers, spreading false rumors among the workers, and threatening "social chaos." In other words, the situation is comparable to that in the United States, where the NLRB is subject to similar sabotage—but here the sabotage comes from our own industrialists, while in Mexico it comes from alien operators.

Approximately 60 per cent of the oil production in Mexico is controlled by British companies, approximately 39 per cent by American companies, with trifling fractions accounted for by other foreign and Mexican firms. The companies fall into four main groups: the Royal Dutch, which is British, with eleven subsidiaries; the Standard group with thirty-seven subsidiaries, including the Huasteca group formerly belonging to the Doheny interests; the Sinclair group with twelve subsidiaries; the Doherty group with ten subsidiaries. Production reached a peak of 193,000,000 barrels in 1921, and in 1936 stood at about 43,000,000 barrels. It is this business which has now been expropriated. What is it worth?



President Cárdenas

There are two sets of guesses. The current official figures, seemingly inspired by the oil companies, add up to $450,000,000, of which American companies have an interest of from $175,000,000 to $200,000,000. However, the assessed valuation in 1935 of all the holdings of the oil companies, including fields, refineries, and pipelines, was 360,000,000 pesos, which at the rate of exchange then current comes to $100,000,000. That figure appears in the Mexican national industrial census of 1935, with the notation that the figure includes "water" and "many items improperly included." In other words, the American oil investment in Mexico (about 39 per cent of the total) today stands at some figure between $40,000,000 and $200,000,000, and no one really knows the fair figure. Probably not even the oil companies. Certainly not the Mexican government. The final valuation required under the expropriation law will be determined not by the realities of the case but by the relative strength of the contending parties.

After valuation has been set, the law of 1936 provides that payment must be made within ten years. Cárdenas has assured Washington that Mexico will pay, and Cárdenas is honorable. But Cárdenas will be out of office in 1939. Mexico might go farther to the left, or it might swing to some form of fascist dictatorship. And *can* Mexico pay? Let us say that the valuation is set at a total of $300,000,000. Divide that by ten. Thirty million dollars must be paid each year, 120,000,000 pesos if the exchange is set at a new level of four pesos to the dollar. Mexico's income, set at 450,000,000 pesos, is running dangerously behind that. The government will be lucky, perhaps, to have 350,000,000. Can it pay 120,000,000 pesos out of 350,000,000? No. Can it pay in petroleum products? Perhaps, but will the American oil companies permit it? Recent figures indicate that our own oil reserves are too high—in California they are 15 per cent above those of last year. Our wells are being choked down. It cannot pay in oil if our oil companies write the answer.

Mexico proposes to set aside 20 per cent of the receipts from petroleum to be applied in payment. This

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might yield substantial "token" payments, provided the administration of the oil industry is efficient and an adequate market is secured. If Mexico makes substantial payments, they will be at the expense of internal improvements, schools, and the land program. Such a course would encounter stiff opposition and might provoke revolt.

Mexico's record in paying for expropriated lands is not encouraging. It has been estimated that between 660,000,000 and 950,000,000 pesos' worth of lands had been expropriated up to June, 1933, against which less than 25,000,000 pesos of bonds were issued, bonds which are quoted at about 10 per cent of their face value. In other words, up to June, 1933, about $700,000 had been effectively paid on an agrarian debt of $200,000,000—more or less.

Now that Mexico has taken over the oil industry, the question is, can it run it? No assured answer can be given on this point. Mexico has trained technicians who have given evidence of their capacity and skill. The government today runs almost all the railroads, and fairly well. Many Mexicans hold positions in the oil industry, but not the chief positions. If Mexicans can run the industry, can they sell the oil? There is the real rub. They can develop their own national market; but that will not help greatly. They can sell in the world market, to Italy, Germany, and Japan; but Cárdenas has said—and those close to him are sure that he means it—that he does not want to sell to the fascist nations. If the national economy depends on it, however, he must sell to whoever will buy. If necessary he will sell at cut rates, and American oil companies will suffer accordingly.

The United States has cooperated with the Cárdenas administration in supporting the peso at the rate of 3.60 pesos to the American dollar. We have aided chiefly by buying silver. We paid $22,506,000 for Mexican silver in 1934, $63,685,000 in 1935, and $30,447,000 in 1936. We paid a fancy price, which encouraged the opening of many closed mines, furnished employment, and left a substantial margin in the Bank of Mexico. Of course American citizens got a sizable portion of that money, as over half of Mexican silver comes from mines owned by Americans. The silver policy was designed primarily to please the esoteric circle of silver Senators, but nevertheless it has protected the peso. In January, 1938, we made a new agreement by which we were to take more than 35,000,000 ounces of silver from Mexico, and to continue buying at the rate of 5,000,000 ounces per month.

Keeping the peso steady has indisputable advantages both for the United States and for Mexico. A depreciated peso would make the payment of interest on industrial bonds in Mexico more difficult, discourage foreign trade, and complicate the workings of the railroads, especially in international operations. A steady currency makes for political stability. But on March 27 Washington announced that purchases of Mexican silver would be stopped. The peso promptly dropped to a figure between four and five to the dollar. The move was generally regarded as retaliatory, an answer to the high-tariff, land, and oil policy of the Mexican government. Though it is possible that Washington used this opportunity to take one step toward abandoning a highly questionable silver policy, one has a suspicion that Secretary Hull, despite his loyalty to the Good Neighbor doctrine, is not averse to some chastisement of the erring Mexican. Hull is a born moralist. All deeds, personal or corporate, are either right or wrong. In a capitalistic world Mexico's action is wrong. It is taking other people's property. The proposal to punish Mexico for its own and our good is consonant with Hull's character. The decision to stop buying silver was probably his.

But the matter cannot be settled thus simply. If Washington whips Mexico, a full chorus of Latin American voices will raise the refrain about the imperialism of the United States, and when the delegates get to Lima next December for the Pan-American Conference, they will look at Mr. Hull with glassy eyes, just as they did at Mr. Hughes in Havana in 1928. So no matter what the inherent justice of the oil question may be, Mexico might be tempted to stand off and ask the United States, So what? Let it be said for the good sense and the courtesy of President Cárdenas that he is doing nothing of the sort.

Before he cracks down on Mexico, Secretary Hull should reflect on certain facts. First, Mexico has a strong labor movement captained by Vicente Lombardo Toledano, who is much more radical than Cárdenas. If the United States discredits Cárdenas in any way, and thereby helps to unseat him, Toledano stands as a likely successor. If Toledano came to power, American interests would have small chance of survival in Mexico. Second, a quasi-fascist movement is in the making below the Rio Grande. It is not serious at the moment, but it would thrive on disorder. Any move which embarrasses Cárdenas will make for disorder. Third, Japan covets a foothold in the Americas. It can greatly increase its trade with Mexico by buying Mexican oil (and for every dollar of increased Japanese trade part of a dollar will be lost to our traders). Increased trade might lead to Japanese concessions in Mexico. This is unlikely under Cárdenas, but if the United States by coercive measures should unseat Cárdenas, it would be well to remember Japan.

*Washington should come to terms with Mexico on the oil problem without delay. The seizure of the oil properties is a *fait accompli*. Having taken the step, Cárdenas cannot retreat without losing prestige with his own people. This being the case, and the United States having everything to gain by a continuance of the Cárdenas regime, Washington should seek a formula under which the economic equilibrium of Mexico may be maintained. If such a formula offers some relief to the corporations which have lost their investment, well and good. The question of the formula to be chosen can be left to the lawyers; it might involve definite American cooperation in financing, temporary furnishing of technical and managerial advisers, and aid in marketing the product. The situation calls for some fresh type of partnership with Mexico in this oil business, with a free admission that Mexico has the properties and will hold them.

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Issues and Men

BY OSWALD GARRISON VILLARD

NOTHING impresses upon me more clearly that I am a journalistic back number than certain modern manifestations of our daily journalism. Initiated into the newspaper profession as I was in the days of small circulations and of great editors like Godkin, Watterson, Pulitzer, Dana, Raymond, and many others, I was taught that newspapers were rated and sold, first, on their editorial ability and secondly on their news worth. I have now learned better. The great discovery of modern publishers is that it is the exploitation of the human personality, and especially of the female face and figure, which is the great highway to success, the real road to prosperity and power.

We have all seen this development in the popular magazines, notably on their covers. They early sensed that one picture—of the young girl—makes the whole world kin, and boosts the sales no end. And for years they have featured sex confessions, true romances, true detective stories, and all sorts of "veritable" self-revelations—by second-floor-rear journalists in great need of funds. By this means they have found the road to the hearts of the people, while *Harper's,* the *Atlantic,* and the *Forum* languish in the homes of a few liberals and highbrows. Latterly there has been a great awakening in the dailies, much aided by the coming of the one-piece bathing suit, the illustrated advertisements of women's underwear, and the photographic advance in the picturing of the female model.

The finest example of this tendency that I have seen is a recent Saturday issue of the New York *World-Telegram,* one of the leaders of our metropolitan journalism. Never have I beheld a clearer presentation of what the present world crisis calls for in the way of escape—to offset the dreary chronicle of the horrors in Spain, in China, in Austria. On the first page, it is true, there is some reference to unhappy European conditions: we have the announcement that "Expectant Mother Flees to U. S. as Nazis Ban Marriage." But when we turn to the second page our happiness begins, and we learn that "Baby Rose Marie, a Winsome Young Lady Now, Trains for Second Chance, Eyeing Stage"—illustrated by pictures of Rose Marie in 1930 and today. Next on the same page is a stunning two-column photograph of the most beautiful American model. On page three we have a four-column head telling us that Christie Gillespie and her mother disagree on combining stage and marital careers, with a three-column picture of the two ladies.

The great story on page four is that Miss Marian Willard "fashions art from junk gleaned on the beaches," with four illustrations, leaving hardly room for a top-of-column report that a Brooklyn college professor declares that persons of low ego are less promiscuous sexually than their more conceited brothers and sisters. The fifth page by some oversight has no woman's picture, only a story that women lead in protesting Roosevelt's reorganization recommendations. Page six is given up to war horrors and the week's news, but on page seven we come into our own again with a nearly full-page picture of Susan Hayward and her perfect physical dimensions—in a one-piece bathing suit. "Stage, Screen, and Broadway"—this explains the page. Four actresses adorn page eight, with Ginger Johnson and Vee Lawnhurst of the night clubs enlivening page nine. Irene Dunne, Cecilia Parker, Lynn Bari, and Sigrid Gurie cover page ten—quite fully. Next we come to the radio page with three of radio's women stars portrayed, while on page twelve we have two of the great sopranos in all their youthful charm. On page thirteen we have bad luck—only one female reproduction. But the society page redeems this—there are five society huntresses—and so does the next page of weddings and engagements with no less than six subdebs in gorgeous array. Page sixteen has pictures of nine women to two men, page seventeen nine women to one man, and finally the last page shows us five charmingly dressed young women illustrating the latest in tweed suits and coats. It gives us, however, the sad news by Ruth Millet that "Sweet Young Things Slip Up on Glamor." She explains that it is not identical with clamor and that men expect to find gentleness in women. We end on the sad note that "Offices Bar Women, Forty." That I submit is a rich and stimulating menu. If it did not send the *World-Telegram's* circulation up by 20,000 that night I should be surprised indeed.

Now plainly this is what the people want, and they shall have it. Give the people what they seek and the coppers will roll in. They do not want to read about chain gangs and child labor and churches and reform. Birth control bores them to tears; economics puts them to sleep; politics—well politics are so terrible that, as from the crisis, we have got to get away from them. So do we not all owe a vote of thanks to the Scripps-Howard newspapers, which offer us so easy a way out? We cannot all take to ivory towers, or to West Indian cruises, or wander to South America, or even follow the novelists to Vermont farms. But here is the land of glamor close at hand. For three cents you can see Roy Howard in the footsteps of Flo Ziegfeld, glorifying the American girl. Franco has reached the sea? What do we care? Thirty-four thousand persons are in prison in Austria? Well, it is their own fault; they got caught. As for the crisis, why F. D. R. will see us through somehow. So let us live happily and revel in the female form.

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BOOKS *and the* ARTS

French Family Chronicle

THE PASQUIER CHRONICLES. By Georges Duhamel. Translated by Beatrice de Holthoir. Henry Holt and Company. $3.50.

IN FRANCE one of the surest signs that one is getting middle-aged is the election to the Académie Française of those writers, elders or contemporaries, who excited one's youth by the evidence they gave of the possession of fresh sensibilities and influenced it by the revelation they afforded of the world in which the youthful reader was growing up. Duhamel cannot be said to be one of these writers, precisely. He was never an "influence," and although he was for a time a member of the Unanimist group (with Jules Romains and the late Henry-J. Levet and Georges Chennevières), he was in no sense a path-breaker. But he displayed a decidedly original nature, which sufficed to mark him off from the commonplace writers of his generation and to win for him readers they never had. His recent accession to the Academy, therefore, induced a little of the feeling one might have if the impossible occurred and the seventy-year-old Gide, say, or the fifty-year-old Cocteau donned the green uniform. (Cocteau, probably, will be elected one of these days; Gide will not demean himself to stand for election.) Except for his two war books, Duhamel's writing was never thoroughly cathartic. There was something in it at once peevish and sentimentally mystic-mongering that just did not come off. His exploration of the soul of the humble city-dweller seemed to be carried out with the dimmest of lamps, the most defective of compasses, and the vaguest of aims. Personally, I could never stomach Salavin: there was a whine in that series that was indecorous.

In the present volume (848 pages made up of five instalments separately published in France between 1933 and 1937) a bit of that slobber remains, for it seems to be an inescapable concomitant of any tale of hypersensitive French youth. But it is of no consequence here. This is on the whole a masterly work of a sort which proves that Duhamel had hitherto been groping and has now found himself in a more or less academic *Bildungsroman.* "The Pasquier Chronicles" is an entirely straightforward narrative of the life of a lower-middle-class family in Paris for a period of about twenty-five years beginning toward 1880. Except in one of the five books—and that for no discernible reason—the narrator throughout is the third of the five children of the family, writing in his maturity; so that the work has necessarily an autobiographical cast. There is to be more of this Chronicle, but thus far, even into the narrator's university years, the hero of the tale is not the narrator but his father.

What is so specifically nineteenth century about the father is his irreligion and his profound respect for education. Berthelot, Claude Bernard, Renan—all the materialist-idealists of the second half of the past century—are the proximate cause of the miseries in which the narrator and his brothers and sisters grew up. All the family believe in education as in a god. By education their father, a petty clerk, will raise himself and them upward into the light. The whole family is sacrificed to the autodidactic "studies" of this glossy, self-centered, skirt-chasing, rhetorical, and infinitely plausible Micawber. His character is so consistently extravagant, his selfishness so complete, his impudence so grandiose, his aplomb when caught out is so attractive, even endearing—whether in a matter of women or of malversion of the children's small inheritances, whether when flirting with a prospective daughter-in-law or secretly making a ruinous investment—that the family can only smile or burst into tears of tender exasperation. Madame Pasquier is as much a nineteenth-century character as her husband, but only in the sense that she is a creation to be dated "before Freud." There are thousands of her in the literature of the novel, because there are millions of her at the economic lower levels. Her life is too crowded with reality to allow her the luxury of false pride; she is too loving to have bad judgment about deeply consequent things. When, having caught his father red-handed with a mistress in the rue de Fleurus—the first of an infinite series—the narrator begs his mother to leave the rascal, her reply is sublime.

> "Be quiet," she said quickly. "I tell you I know everything. I don't know what you're referring to, but you are probably mistaken, and in any case it's better not to say anything. But to go away, Laurent! What a childish notion! Where do you suppose we would go? All my life is here, near him, near you others. What should we do alone? Oh, I don't mean about money, we can always work; but work is not everything. What should I do with myself? . . . He couldn't live without us, either. That's what a family means. He's fond of us in his own fashion, and as a matter of fact we are the only people he really cares for; the others are mere whims, distractions. . . . If I were not always at hand ready to rub him with a flannel and *baume de Fioraventi* . . . he might die any day with his bronchitis. He could no more do without me . . . and here you talk about leaving him, and for such absurd trivialities. After all, they will disappear with age. Such things don't go on forever."

And when the child, still miserable, says, "If at least he respected you," his mother is outraged. "Your father has always respected me, always treated me with kindness."

None of the other members of the family, or their friends, come alive in the same way as the father and mother. Joseph the money-grubber and Ferdinand the inept are two caricatures fixed once for always when first presented. Their sister Cécile, the piano prodigy, is a wraith, and her teacher and admirer, one Valdemar, is the sorriest kind of grotesque. Even the narrator's desperately unhappy Jewish friend, Justin Weill, whose portrait is built up with so many true touches, never comes squarely into focus. It is difficult to seize the significance of the Chronicle. On the one hand, even including Pasquier *père,* there is no character about whom these five books can be said to tell us anything we had not learned before, from other fictions, about humble people. On the other hand, we see no march of events, no movement in the lives of these men and women, that hints at impending crises born of conflict with the world outside the family. We have here, then, another example of French realism, wise, tender, spiced with a sort of Dickensian grotesquerie, absorbing by the art with which it is told, an honorable work concerning which there is no impelling reason to demand a sequel.

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The translation reads like a rough draft, as if it had been torn by the publisher from a translator's reluctant hands. Apart from many French idioms literally carried over into English, it offers the interesting peculiarity of leaving in French at least fifty epithets and idioms, for example, *chef de file,* about which one wonders what the American reader will make of them. LEWIS GALANTIÈRE

Stresemann and Weimar

GUSTAV STRESEMANN. HIS DIARIES, LETTERS, AND PAPERS. Edited and Translated by Eric Sutton. The Macmillan Company. Volume II. $6.50.

EUROPE is today full of excitement and war cry, the roots of which are in Nazi Germany. Therefore every contribution to a real understanding of the present German situation must be welcome. In any case, Stresemann's memoirs are among the most important documents of post-war Europe.

The second volume of the English edition covers the years 1925 and 1926, the years of the Locarno treaty and of Germany's entry into the League of Nations. Like the first it is a loose collection of Stresemann's letters, speeches, and diaries within the frame of a short commenting text. As a rule, one must be cautious in using personal memoirs as a historical source, because the author often does not give the facts as they happened but as he sees them from a distance, with the outlook darkened by subjective tendency and inaccurate memory. Stresemann's book does not belong to this doubtful category. It contains the real sources of history.

We see Stresemann from day to day, thinking, fighting, advancing, retreating, judging his own time rightly or wrongly. During the years when he was a minister of the German Republic, he, almost alone, represented the idea of middle-class democracy in Germany. For the German workers did not want a capitalist state and the upper and middle classes wanted not a democracy but a nationalist dictatorship. By his skill and courage Stresemann gave the German middle-class republic some appearance of stability.

On August 11, 1925, Stresemann made the following entry in his diary: "Constitution Day in the Reichstag was a standard example of an official celebration without the smallest inner enthusiasm: an extremely long speech, gloomy music, and a gloomy atmosphere. If it had been the funeral of the constitution, the ceremony could not have been otherwise." But how shall a constitution survive for which nobody feels the smallest ounce of enthusiasm?

The present book reveals how Stresemann's clear and penetrating understanding of the political facts was coupled with an inability to forecast how the masses of the German people would react to the same facts. When, after the death of Ebert, Hindenburg was pushed forward by the nationalists as a candidate for the presidency, Stresemann at once understood the enormous danger for the German Republic which could arise from this quarter. But at the same time he did not see that Hindenburg's election was nearly inevitable as soon as the "hero of Tannenberg" should be proclaimed as a nationalist candidate. Stresemann did not know that millions of formerly indifferent voters, given the mental outlook of the German people, would flock again to the standards of their field marshal.

When we compare the foreign politics of Stresemann with the Nazi politics of today, we must confess that Stresemann's national aspirations were not more modest than Hitler's. Stresemann also wanted the return of the Saar basin, of Danzig, Memel, Upper Silesia, and the Polish Corridor, and *Anschluss* with Austria. But Stresemann's methods for reaching these ends were much more adequate and considered. Stresemann was able to combine his friendship for the Western powers with the preservation of good relations with Soviet Russia. In 1926 he signed the famous Berlin treaty with Russia, which protected Germany's rear against any disagreeable surprise. The Russian ambassador with whom Stresemann signed this treaty was the efficient and influential Soviet diplomat Krestinsky, the same man who was shot a few weeks ago as a so-called traitor to his country. It is the weakest link in Hitler's foreign policy that he is always compelled to reckon Russia among his enemies.

German armaments are today many times stronger than twelve years ago. But nevertheless Stresemann defended, during an excited public discussion with Mussolini, German rights in South Tyrol. The chapter of the memoirs which deals with German-Italian relations is perhaps the one with the greatest bearing on events today. If Stresemann's weak Germany of 1926 could not be restrained from looking over the Brenner and discovering there a German irredenta, how shall Nazi Germany today be hindered from looking in the same direction?

It is interesting that this big and comprehensive book contains only two short references to Hitler and that in both cases Hitler is mentioned in connection with his abortive putsch of 1923 and not as an important political factor. Hitler's influence on German politics was extremely weak in 1925-26, only four years before his enormous electoral victory of 1930. It had been clear since 1919 that after a breakdown of German democracy there would follow a nationalist and militarist dictatorship. But it is more or less a historical accident that Adolf Hitler of Braunau became the dictator of Germany. ARTHUR ROSENBERG

Neighborhood House

NEIGHBORHOOD. MY STORY OF GREENWICH HOUSE. By Mary Simkhovitch. W. W. Norton and Company. $2.50.

NO ONE has a better right to tell the story of Greenwich House than Mrs. Simkhovitch. She was one of its founders and since 1902 has directed its destinies. In telling its story she inevitably tells her own, and—in essence—that of many serious-minded young people of her generation who, becoming deeply conscious of social wrongs, thronged into the settlements and built them up as organic centers of neighborhood life. Greenwich House, unlike some of the older houses, was planned not as a charity but as a catalytic agent for the latent possibilities in a given section, a stimulus to neighborhood self-analysis, solidarity, and organization for improved conditions and opportunities of work and play, for better food, health, housing, education, creative activities, a securer and larger life. It aimed to make the neighborhood conscious not only of its needs, traditions, and resources, but also of its relation to city and state. Most of all it sought to develop the power to change with changing conditions. The history of Greenwich House is part of the social history of Greenwich Village and of the old Ninth Ward, its earlier name, and of New York itself. It has seen great changes for better and worse, but on the whole, Mrs. Simkhovitch feels, for better. The days of innocence are over. The new day presents more complex problems but provides greater knowledge, experience, and equipment with which to meet them.

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And whatever changes occur, the neighborhood house will always have a function to perform. This, I think, is substantially the author's view of the settlement. In this retrospect one is impressed by the number of social attitudes and movements for social welfare now considered essential that, developing in this period, were strongly supported by the settlements and often initiated by them.

Mrs. Simkhovitch tells first the story of her youth in Boston, her education at Radcliffe, Berlin, and Columbia, the men and movements that influenced her, her European student life with Bertrand Russell, Emily Balch, and Peter Struve as fellow-students, the last great international Socialist trade-union congress in London, at which she saw Jaurès, Keir Hardie, Shaw, the Avelings, the Webbs. Throughout the book we run across names that characterize the tendencies, hopes, and struggles of a period that is past. Then she describes the College Settlement on the East Side of New York forty years ago, the muckraking and good-government campaigns, suffrage and trade-union work, the Social Reform Club founded by Edmund Kelley, where Socialists, single taxers, Tolstoyans, and labor leaders held forth. Expanding interests, insights, and contacts bring us to the first Greenwich House in Jones Street and finally to the present imposing building in Barrow Street, where the intimate life of the house and its interactions with the neighborhood unfold.

How Greenwich House met the war, the post-war years, the depression; how real estate, labor conditions, experimental theaters, and racial groups affected the situation; the arduous campaigns for milk stations, playgrounds, tenement-house laws, social centers in school buildings; the growth of the well-known music school, craft workshops, and community festivals, which gave expression to many talents that might otherwise never have found it; glimpses of people associated in different ways with these activities—all are aspects of these vividly yea-saying reminiscences. Mrs. Simkhovitch brought to the creation of her life work enthusiasm, practical ability, flexibility, endurance, and tact. Obviously she knew how to harmonize disparate elements and command cooperation from diverse groups and individuals. If Greenwich House has in innumerable ways enriched the life of its community, she believes it did as much for those who came to work there—clarifying and humanizing social problems, creating understanding by close and continuous contacts. In this portrait of the house and its neighborhood through many changing years, there is the sense of something lived and experienced which, it is the author's conviction, is the necessary prelude to understanding and effective social service.

CLARA GRUENING STILLMAN

Case of Captain Asgill

GENERAL WASHINGTON'S DILEMMA. By Katherine Mayo. Harcourt, Brace and Company. $2.50.

MISS MAYO'S latest work shows the Father of Our Country in a sort of mess. It all took place in 1782, that is to say, it was after the surrender of Cornwallis. The Revolutionary War was not formally at an end, however, though everybody of intelligence knew that the fighting was over, and there was nothing left to do except await the peace negotiations.

The book is concerned with the almost forgotten episode of ish officer who was held as a Asgill, it appears, was a

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charming, pleasant-mannered young man under twenty years of age. He was supposed to be protected against reprisals—meaning the wreaking of vengeance on his person by irate Americans—under the terms of Cornwallis's capitulation.

But as fate would have it, a band of American Tories in the service of the British took an American captain, a prisoner in New York, out of his prison and hanged him. It was just plain murder. Washington demanded of the British that they turn over the chief perpetrator of this deed to the American army to be hanged. Sir Henry Clinton declined to do that, and replied that the leader of the Tory band was being tried by court martial.

Thereupon Washington called a meeting of his generals, and they decided that some British officer then held as a prisoner of war must be executed in place of the Tory leader. Captain Asgill was selected by lot. Of course, he was a wholly innocent person; moreover, he was under the protection of the Yorktown capitulation, which had been signed by both the Americans and the French.

All this created a tremendous stir, and Miss Mayo's book deals with Washington's difficult position in the matter. While an extensive correspondence between the American and British commanders was going on, Captain Asgill was held as a prisoner under sentence of death. In the midst of all this angry discussion the British court martial found the murderous Tory leader not guilty. At that moment the outlook for poor Captain Asgill was gloomy indeed. He was finally released by Washington through the intervention of our French allies.

It is a readable book, and an interesting one. The only fault I find in it is that the author seems to insinuate that Washington was a bloodthirsty person who wanted to put Captain Asgill to death. The context of the correspondence does not sustain that point of view. On the contrary it appears—to my mind, at any rate—that Washington used every pretext and device for delay.

W. E. WOODWARD

From the Inside

UNCLE TOM'S CHILDREN. By Richard Wright. Harper and Brothers, in Association with Story Magazine, Inc. $2.50.

THE distinction of Mr. Wright's prose was apparent in his contributions to the "New Caravan" in 1936 and to "American Stuff." His "Uncle Tom's Children," the winner of the prize awarded by *Story Magazine* for the best manuscript submitted by anyone connected with the Federal Writers' Project, fulfils the earlier promise. The four long stories which make up the book have power and originality, revealing a people whose struggles and essential dignity have too long been unexpressed.

Big Boy Leaves Home tells of one of the many twentieth-century fugitives from the South. Caught in a forbidden swimming hole, Big Boy's gang, certainly one of the best in fiction, run for their clothes; a white woman's scream brings a white man with a gun; two boys and the white man are killed in the fracas. The mob lays waste the Negro section, but after long, terrible hours in a kiln Big Boy gets away. Down by the Riverside effectively records a tragedy during a Mississippi flood. Mann makes use of a stolen boat to get his wife, in childbirth, to a hospital. Discovered in the stolen boat he shoots it out with the stranded owner, and it is the white man who topples into the high waters. Ironically, Mann is doomed by his heroic flood labors, for he saves the family of the man he has killed. In Long Black Song a young Negro farmer kills a white salesman who has attacked his wife, and is killed by the mob. Fire and Cloud deals with the dilemma of a Negro preacher who, unable to make up his mind in a depression crisis, has it made up for him by a gang of thugs who defend law and order by horsewhipping. The lashing strips away his faith that as the compromising trusty he can gain any important favors for his convicted people. He joins the protest march of poor whites and Negroes, believing that "freedom belongs to the strong."

"Uncle Tom's Children" has its full share of violence and brutality; violent deaths occur in three stories and the mob goes to work in all four. Violence has long been an important element in fiction about Negroes, just as it is in their life. But where Julia Peterkin in her pastorals and Roark Bradford in his levee farces show violence to be the reaction of primitives unadjusted to modern civilization, Richard Wright shows it as the way in which civilization keeps the Negro in his place. And he knows what he is writing about.

Some of the tragedies may seem too coincidentally contrived, may seem to concentrate too much upon the victims, but the book has its great importance in spite of this. The essential quality of certain phases of Negro life in the South is handled here vigorously, authentically, and with flashes of genuine poetry. Here are characters seen from the inside: Big Boy, alert, full of animal spirits, suddenly turned into a hounded fugitive; the perplexed preacher with a stake in keeping quiet and orderly, and a bitter knowledge of what his people suffer; the farmer who has labored for a home that a white man casually disrupts. In these little shacks, overburdened with poverty, the first mention of trouble with the white folks brings paralyzed fear and a conniving that is pitifully feeble. The people show a wisdom brewed of suffering, not the artless philosophy endeared to Southern mythologists. And finally there are those who are not only aware of what is being done to them but determined to do something about it, resolutely muttering: "Ah'll go ef the nex' one goes!" and "Ah ain' got but *one* time t' die." The South that Mr. Wright renders so vividly is recognizable and true, and it has not often been within the covers of a book.

STERLING A. BROWN

Allegory of Swift

I LIVE UNDER A BLACK SUN. By Edith Sitwell. Doubleday, Doran and Company. $2.50.

"TO THINK of him is like thinking of the ruin of a great empire," said Thackeray of Swift. And Miss Sitwell has recalled these words. She writes of Swift's life as one in which hatred won over love. She intends the story to be a myth—symbolic and timeless. Opposed to the main plot there is another plot concerned with an English girl who marries the German who killed her fiancé in the World War. These lovers—who oppose hatred—become servants in Stella's household. Here, in other words, are two plots interwoven and intended as allegories. But this brings up a question: When does a true life-story become a myth symbolic of a race of people? Not, I'm sure, in two hundred years of print and of reading. Had Miss Sitwell been able to find another biography which symbolically opposed the tragedy of Swift's pride and hatred, she might have succeeded in bringing into conflict the ideals of hatred and of love. As it is, Swift's biog- e-
tails of his love for tw of

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them and of himself remaining fascinating material. The silly little story of the two lovers might as well never have been introduced.

Miss Sitwell has a fine sense of background. The furniture of the book, all the little details of the eighteenth-century life, are admirably sketched in. Swift's character and Stella's and Vanessa's are all cleverly interpreted. No other biography, perhaps, has quite the dramatic horror of Swift's, and Miss Sitwell has made good use of all possible materials.

Now and then, however, passages are overwritten. Where Miss Sitwell stresses her allegory through symbols, in those chapters in which, imitating Virginia Woolf, she attempts to convey a sense of personality entirely through images, she writes like a bad poet, not like a good prose writer. The straight narrative passages are excellent. The reader hurries over the artificially poeticized scenes which point the old myth of the struggle between light and darkness, and on to the dramatic reality. The artificial symbol of the mice quarreling unto death over the bread dropped from Swift's dying hand is a silly contrivance to point a moral when that moral is already quite clearly before us.

In general, Miss Sitwell conveys a sense of horror, of the world's doom, through her clever use of Swift's prophetic writings and through her equally clever dramatizations of the scenes of horror in the lives of Swift himself, of Stella, and even of the poor, witless Vanessa. The book is certainly worth the reading; it does not, I think, succeed in being anything more than another unusual fictionized biography.

EDA LOU WALTON

Nutrition and Public Health

NUTRITION. FINAL REPORT OF THE MIXED COMMITTEE OF THE LEAGUE OF NATIONS ON THE RELATION OF NUTRITION TO HEALTH, AGRICULTURE, AND ECONOMY POLICY. Columbia University Press. $2.

A REVIEW can in no way convey the full significance of this important document; along with the three similar reports prepared under League auspices it demonstrates that the committee method of getting at fundamental facts is workable in the hands of competent people. These reports place factual dynamite at the disposal of every public-health department in every country where Western civilization more or less flourishes. "Nutrition," like its forerunner, "Workers' Nutrition and Social Policy," should form a part of the educational program of any forward-looking labor party.

The fight against disease must henceforth be waged in two separate fields: one, the field of medicine, which combats disease after it has been contracted; the other, the field of public health, which raises and maintains the natural resistance of the population to disease. Nutrition is no longer exclusively a physiological problem, because it is so intimately tied to the cause and spread of disease that it has at last been recognized as a public-health problem. In the past hundred years it has played an all-important part in lowering the incidence of disease and death, but the recognition of its role is of very recent date. For instance, in Germany during the World War the death rate from tuberculosis rose 65 per cent in Berlin, while in agricultural Bavaria, where food was better both in quality and quantity, it rose only 23 per cent. The general mortality rate in a depressed area, such as Merthyr Tydfil in South Wales, exceeds that of well-to-do Epsom, England, by 166 per cent. An important result of good nutrition in a community is the lowering of the num-

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ber of people carrying disease germs. I make this point because I have observed that well-nourished citizens usually feel that the problem does not affect them personally. Not until it is pointed out that good community nutrition decreases the probability of stray germs reaching them from casual contacts do they become interested.

Totally separate from the medical aspect is the relation of food to the general physique of a nation. Here the committee had at its disposal a report entitled "The Physiological Basis of Nutrition," drawn up by a commission of scientists of international repute. Their studies have shown that in Sweden between 1840 and 1936 the average stature increased three inches. In Denmark between 1840 and 1913 a similar increase was noted; in Norway between 1800 and 1900, four inches; in the Netherlands between 1850 and 1907, five inches. Similar phenomena have been noted in entrance groups in American universities. The commission attributed the change to improvement in the quality and variety of food. The reverse picture—that is, defective growth resulting from poor food—shows clearly in the following figures. In Berlin in 1925 children leaving school between the ages of thirteen and fourteen were two and one-half to three and one-quarter inches shorter than a similar group leaving school in 1933. The first group had done most of their growing through the war years, when there were acute deficiencies both in the quantity and quality of food.

There is an immense amount of work to be done in acquainting the public with the qualitative as well as the quantitative aspects of food. Only a few years ago food was thought of mostly in terms of calories—that is, the amount of energy it would provide. Since then certain types of protein have been found to be essential to the maintenance of health; and more recently yet the discovery of the vitamins has introduced us to a new class of foodstuffs, required in very small quantities, yet absolutely indispensable. The list of dietary deficiency diseases grows. There is no question that others will be added to the following imposing list: rickets, scurvy, pellagra, beri-beri, night-blindness, dental caries, some forms of anemia. It was not until polished rice was sold to India, as an improvement over the brown variety, that beriberi became prevalent. With every good intention to simplify the preparation, and in some cases to improve the flavor or appearance, new processed foods are placed on the market without the slightest knowledge of their nutritive value. The League committee has taken a large step forward in setting up a scientific investigation of the effects of the processing of cereals, which is common in the preparation of breakfast foods. Its results should be awaited eagerly by consumers.

The committee presents a new attitude toward the publication of health data which should be most salutary. That an international body with the knowledge of present political ineptitude should boldly call for governmental recognition of nutritional problems shows the caliber of the men who prepared this report. I have it on good authority that when the first questionnaires on malnutrition were returned to the League committee, only two countries admitted undernourishment of some of their population—China and the United States. On the few occasions that I have had to deal with them, public-health officials, far from wishing to acquaint the public with prevailing conditions, have suppressed all information. Chicago, with the World's Fair in progress, did not let the rest of the United States know that it had a flourishing epidemic of amoebic dysentery. Not until Governor Lehman, Texas Guinan, and other people of prominence were taken seriously ill did the information leak out. Try to find the mortality figures for various parts of New York City, and you will encounter a splendid screen set up by the Department of Health. Minor public-health officials, therefore, should read this report as a tonic to their courage. The present weak public-health departments in our universities should take note that they have a new field ahead of them, both in the matter of mass education and in checking on local public-health authorities.

Strangely enough, this report is likely to be heeded in many quarters. If one looks through the recent files of *Nature,* an English scientific weekly, one will notice a preoccupation with national health that was entirely missing two years ago. In the midst of its rearmament program Britain has suddenly realized that its man-power also is in serious need of reconditioning. The irony of it is that whereas nations will spend no money on general health in times of peace, in preparation for war or in time of war, when human life is cheapest, they will give it considerable attention. The population is thus placed by its leaders in the same position as the prize turkey for the Thanksgiving feast.

As the burden of undernourishment falls heaviest on the working classes, and as the selection of food within restricted budgets assumes great importance, I suggest to labor groups that this report be condensed to a small cheap pamphlet, to be widely circularized among labor unions.

HUGH H. DARBY

DANCE

Popular Style in American Dancing

PROBABLY most people in America acquainted with dancing entirely through films have no preconceived notion of what a dancer should be like. In Europe, however, and in those American capitals where Continental theatrical habits have been imposed, there is a specialized public which expects a certain type of theatrical dancer. Many ballet audiences eagerly expect the stereotype imposed by the Russians of twenty years ago and their present imitators, and any variation of the pattern is rejected as inadmissible not merely in the general line of ballet but in the category of dancing at all. The international-Russian type clothes itself with alien glamor, an atmosphere of charming magnificence, a sex appeal that is consciously formulated and has something to do with the idea that these dancers are more than human, that they have gifts bordering on the divine, and that the audience is privileged to see them at all. That they are incomparable is accepted without question, and the accidental fact of their Slav birth or association brings forgiveness for all their faults, which are frequently serious.

This has had various sad effects. Many talented young American students have consecrated themselves to imitating the inimitable Pavlova and Nijinsky, whom most of them have never seen. When the failure of the imitation has become too apparent for further self-delusion, they have subsided into a patient imitation of third-rate Russian corps de ballet. Worse than this, audiences which have been drugged into believing there is only one pattern, the Slav, have distrusted any variant, and hence made it practically impossible for an earnest American to develop with any integrity in a serious form of the art.

A serious form of the dance is one in which the dancer is

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presented as of the first importance. You don't get this in movies. What you do get in movies is the presence of a considerable body of American dancers who perform in their unique, indigenous, and creative style. Each one of them has a different and specific quality, yet one can generalize from the group. Instead of setting a stereotype of remoteness, spectral grandeur, and visionary brilliance, the Americans are volatile, intimate, frank, and they have an added theatrical flavor of close proximity to their public. The most important thing about American dancers is the retention of their amateur status and their nearness to the audience. No Russian dancers were ever supposed to be amateurs. We all have heard how their professional life started at the age of nine. In America our national academy has been the dancing-school recital, gymnasiums decorated for proms, night-club floors, and vaudeville stages. The frontier spirit of spontaneous collective entertainment where everybody got up and danced as they could still persists. But with a difference. Our dancing artists have selected and amplified all that is most useful in the amateur spirit to make of it a conscious and brilliant frame for their individual theatrical projection.

Even now it seems as if Fred Astaire had not been out of college very long, and Hal Le Roy is still cutting up at Sigma Chi dances. Eleanor Powell is a triumph of the girl-scout ideal. The college angle cuts across the ballroom slant in Ginger Rogers. Paul Draper's elegance and musicality stem from the tradition of Vernon Castle and the Crystal Room at the Ritz. None of them seem in any way alien or strange to us. Buddy Ebsen is the incarnation of the foot-loose hick or the dancing sailor, a variation on Buster West's neater, more stylized, but less dramatic work of some years ago. Ray Bolger reverses Walt Disney's formula by being a dancer for whom there must first have been a drawing like Dopey or Donald Duck, with his kindly, insane personality and accomplished eccentricity. There are many others.

The time will come when their strong technique and intense charm will be used in other than a fragmentary, incidental, or merely diverting way. But it is up to the audience to recognize it for what it is worth, to make the just comparisons with other dancers in other forms, and to take the Russians side by side with our own artists for what they are worth. The Americans will not suffer by it.

LINCOLN KIRSTEIN

RECORDS

COLUMBIA has done a fine thing in re-pressing the first volume of the English Music Society, which contains a number of works by Purcell: ten Fantasias for strings, the so-called Golden Sonata for two violins and figured bass, three songs, and two vocal canons or catches (three ten-inch and five twelve-inch records, $14.50). To listen to the slow sections of the Fantasias is to follow a mind that moves in strange ways with bold and superbly self-justifying confidence, taking one's breath away with some of the daring progressions of his musical thought, and occasionally with things as richly and poignantly expressive as the Fantasia in Five Parts on One Note. The writer of the accompanying booklet thinks the Golden Sonata "only silver-gilt compared with the gold of the examples in D minor, E minor, and G major"; it remains a lovely work even if one of the others

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would have been lovelier. I would question the inclusion of the song "Aspiration"; but that is very little to question in such a volume. The various performances—by the International String Quartet, by Isolde Menges and William Primrose, by Keith Falkner, among others—and the recording are as fine as the music calls for.

Two new sets of Beethoven's First Symphony are at hand: one from Columbia made by Weingartner with the Vienna Philharmonic (three records, $5), the other from Victor made by Ormandy with the Philadelphia Orchestra (four records, $8). In the Victor set one hears a superior orchestra at work, but with results that betray the direction of a less sensitive and understanding musician. Things like Weingartner's ragged attacks in the opening chords of the first movement are disturbing but count for little in a performance that makes the work buoyant and vital; while Ormandy's efficiency counts for as little in a performance that makes the work heavy and dull. For once, moreover, Weingartner's performance is well recorded.

The playing of Szigeti—joined to that of Carl Flesch in Columbia's two-record set ($3.25) of Bach's D minor Concerto for two violins—should give this new version of the work great importance. Whether it does or not I cannot say, for the recording and the records are bad—and this in both sets that I have tried.

You may have a friend with a pleasant voice who can sit down at the piano and sing through Schubert's song-cycle "Die schöne Müllerin." If not, Ernst Wolff will do it for you (Columbia: three ten-inch and five twelve-inch records, $10.50). But he will do no more than that: there is in his singing none of the imaginative insight and evocative power that there would be in the singing of a great artist.

Jungle effects aside, Count Basie's Orchestra does some superb playing in "Blues in the Dark" (Decca). So do various groups that support Mildred Bailey in "Lover, Come Back to Me" and "From the Land of the Sky Blue Water" (Vocalion), Billie Holiday in "On the Sentimental Side" (Vocalion), and Lionel Hampton in "You're My Ideal" and "The Sun Will Shine Tonight" (Victor). Jess Stacey is one of the last group; and his piano playing is worth listening to throughout an otherwise poor record of "You Took Advantage of Me" and "Three's No Crowd" made by the Bud Freeman Trio (Commodore Music Shop).

In reply to continuing questions about needles: the best—all things considered—is the Universal non-metallic needle, which reproduces almost as well as steel, and which should play eight records in succession if the needle-track alignment of the pickup is correct (with the ordinary straight-arm pickup aligned as faultily as it is usually the needle lasts only one or two sides). The Universal can therefore be a good semi-permanent substitute for the chromium needle; the chromium is, however, almost indispensable for new Columbia records. It should not be used for more than five sides of such records; when they have been cleaned out it can be used for as many as twelve; but when they have been cleaned out one should use not chromium but either the Universal or steel. Columbia's is the best chromium needle; Victor's half-tone shadowgraphed the best steel; and a fresh steel needle should be used with each side.

B. H. HAGGIN

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